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CONTENTS

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DUMA ELECTION ISSUES

Key Developments

Deputies Must Choose Between Duma, Current Post by 5 Jan *[ITAR-TASS]* 1
Russia Is Our Home Deputy Gives Up Duma Seat *[INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY]* 1
Mikhalkov Prefers Films Over Duma Seat *[ITAR-TASS]* 1
NDR Spokesman Hails Mikhalkov *[INTERFAX]* 1
Ryzhkov Views Members' Refusal of Seats *[INTERFAX]* 2

Commentary

Gorbachev, Others Comment on Election Results *[MOSKOVSKIYE NOVOSTI 17-24 Dec]* 2
Fedulova Blames Men for Women of Russia's Poor Showing *[NEZAVISIMAYA GAZETA 30 Dec]* 4
Agrarians Express Confidence in Lapshin as Leader *[SELSKAYA ZHIZN 4 Jan]* 5

INTERREGIONAL AFFAIRS

ITAR-TASS Carries Press Review for 5 Jan 6

RUSSIA INTERNATIONAL AFFAIRS

Federation Council Approves Sending Troops to Bosnia *[AFP]* 7
Further on Peacekeeping Force Decision *[ITAR-TASS]* 7
Costs of Bosnia Peacekeepers Considered *[IZVESTIYA 5 Jan]* 8
U.S. Embassy 'Press Attache' Cited on Money Problems *[IZVESTIYA 4 Jan]* 9
Russian, Ukrainian, U.S. Defense Ministers Meet in Kiev 10
ITAR-TASS Observer Views Kiev Meeting *[ROSSIYSKIYE VESTI 5 Jan]* 10
Kiev Meeting Seen as 'Watershed' *[ROSSIYSKAYA GAZETA 5 Jan]* 10
Grachev 'Happy' With Results of Talks *[Moscow NTV]* 11
Grachev on NATO's Eastward Expansion *[INTERFAX]* 11
Kuchma Announces Joint Military Exercises *[Moscow ORT]* 12
Kuchma Urged To Prevent Missile Silo Destruction *[UNIAN]* 12
Admiral: Ukraine Unprepared To Get Its Share of Fleet *[ITAR-TASS]* 12
Reports of Tightened Controls on DPRK Border Dismissed *[ITAR-TASS]* 13
Panov: DPRK Not Suffering 'Serious' Food Shortages *[Moscow International]* 13
Russian Humanitarian Aid Delivered To Baghdad *[INTERFAX]* 13
Foreign Ministry Statement on Iraqi-Russian Talks *[ITAR-TASS]* 13
Russian Specialists Inspect Iranian Nuclear Plant *[INTERFAX]* 14
Nuclear Cooperation, U.S. Pressure Viewed *[Moscow International]* 14
Military Dimension to 'Herring War' With Norway Viewed *[KRASNAYA ZVEZDA 4 Jan]* 14
Karasin on Russia's Presidency of UN Security Council *[ITAR-TASS]* 15
Russia To Launch 10 Foreign Satellites in 1996 *[INTERFAX]* 16
Ex-KGB General on Collaboration With Polish Officials *[IZVESTIYA 5 Jan]* 16
Ambassador to PRC Views Relations *[TRUD 4 Jan]* 17

RUSSIA NATIONAL AFFAIRS

Political Issues

Yeltsin Accepts Kozyrev's Resignation *[ITAR-TASS]* 19

Deputy Premier Shakhray Resigns *[ITAR-TASS]* 19
Yeltsin, Filatov Review Current Developments *[ROSSIYSKIYE VESTI 5 Jan]* 19
Yeltsin, Shumeyko Discuss Upper House Agenda *[INTERFAX]* 19
Yeltsin Meets Communications Head; To Meet Tatar President *[INTERFAX]* 19
Luzhkov Applauds Results of Meeting With Yeltsin *[MOSKOVSKAYA PRAVDA 30 Dec]* 19
Formation of Financial Communications Network Sped Up *[INTERFAX]* 20
Tax System for Small Businesses Simplified *[INTERFAX]* 20
Yeltsin Calls Renovated Moscow Road 'Miracle' *[ITAR-TASS]* 21
Chernomyrdin Meets With Zyuganov, Zhirinovskiy *[ITAR-TASS]* 21
Yeltsin 'Increasingly' Pondering Presidential Race *[ITAR-TASS]* 21
Communists Likely To Nominate Zyuganov *[INTERFAX]* 22
Group Nominating Petr Romanov Registered *[INTERFAX]* 22
New Duma, Presidential Prospects Viewed *[ROSSIYSKAYA GAZETA 4 Jan]* 22
'Possible Foreign Minister' Lukin Interviewed *[Milan PANORAMA 11 Jan]* 25
Economic Adviser Livshits Hospitalized *[INTERFAX]* 26
Economics Ministry To Finalize Economic Plan *[INTERFAX]* 26
Government Examines Post-Rio Plan, Caspian Issues *[ROSSIYSKAYA GAZETA 5 Jan]* 26
Ministry Opposes Ukrainian Oil Transit Tax Rise *[INTERFAX]* 27
Security Services Confrontation Story Rebutted *[ROSSIYSKIYE VESTI 4 Jan]* 28

Media Issues

Government Decree on TV, Radio Relay Costs *[ROSSIYSKAYA GAZETA 4 Jan]* 28
Decree on Communications Facilities Program *[ROSSIYSKAYA GAZETA 4 Jan]* 29
Decree on State TV, Radio Programs Fund *[ROSSIYSKAYA GAZETA 4 Jan]* 30

Military Issues

Federal Law on State Defense Order Published *[ROSSIYSKAYA GAZETA 4 Jan]* 30
Daily Ponders Army's Cash Shortage Problems *[KRASNAYA ZVEZDA 4 Jan]* 34

Federal Assembly

Federation Council Approves Bosnia Peacekeeping Force *[ITAR-TASS]* 36
Federation Council First Session To Meet 23 Jan *[ITAR-TASS]* 36
List of Duma-Adopted Laws Approved, Rejected by Senate *[ROSSIYSKAYA GAZETA 4 Jan]* 36
Agrarian Party's Lapshin To Return to Private Industry *[INTERFAX]* 37

Regional Affairs

Chechnya Reportage: Military, Politics, Peace Talks 37
Roundup of Latest Incidents Given *[KRASNAYA ZVEZDA 5 Jan]* 37
No Civilians Killed in Bomb Attack *[INTERFAX]* 37
Dagestan Checkpoint Attacked; Two Killed *[INTERFAX]* 38
Maskhadov Bans Rear Attacks on Troops *[INTERFAX]* 38
Tikhomirov on Statement by Maskhadov *[INTERFAX]* 38
Chechen Deputy Premier Welcomes Tikhomirov *[ITAR-TASS]* 38
Military Leadership Reshuffle Viewed *[IZVESTIYA 5 Jan]* 39
Shkirko on Situation, Talks Prospects *[ITAR-TASS]* 40
Shkirko Interviewed as New Deputy Minister *[Moscow NTV]* 40
Gantemirov Urges End to Confrontation *[ITAR-TASS]* 42
Zorin: Elections Lead to Regional Peace *[INTERFAX]* 42
Mikhaylov, Kovalev on Chechen Peace *[TRUD 4 Jan]* 42
'Wholesome' Forces Urged To Talk Peace *[KRASNAYA ZVEZDA 4 Jan]* 43
Commission Assesses Gudermes Combat Damage *[ITAR-TASS]* 44

610,000 Refugees Since Conflict Began *[ITAR-TASS]* 44
Krasnodar Appeals to Moscow for Aid in Landslides' Wake *[INTERFAX]* 45
Irkutsk Region Governor Extends Legislature's Powers *[ITAR-TASS]* 45
Yabloko, Communists Disappointed in KBR Election *[GAZETA YUGA 29 Dec]* 45
Balkar People's National Council Chosen *[GAZETA YUGA 29 Dec]* 46
Karachayevo-Cherkess, Federal Law Conflicts Viewed *[ROSSIYSKAYA GAZETA 4 Jan]* 46

Economic Issues

Regulators Other Than Currency Corridor May Be Used *[INTERFAX]* 47
Deputy Finance Minister Comments on Draft Tax Code *[INTERFAX]* 48
Tax Collections Treble in 1995 *[ITAR-TASS]* 48
Economics Ministry Forecasts Inflation Rates for 1996 *[NEZAVISIMAYA GAZETA 4 Jan]* 48
Inflation Record Low in Dec at 3.2 Percent *[ITAR-TASS]* 49
Banks Stripped of Licenses To Do Business *[NEZAVISIMAYA GAZETA 4 Jan]* 49
No Major Winter Loss of Crops Expected *[SELSKAYA ZHIZN 4 Jan]* 49

UKRAINE

International Affairs

U.S., Russian Defense Chiefs Arrive for Talks *[ITAR-TASS]* 51
Perry-Shamrov-Grachev Meeting Reviewed *[INTELNEWS]* 51
Shmarov, Grachev Hold Talks *[ITAR-TASS]* 52
Grachev Hopes for Better Relations *[INTERFAX]* 53
Grachev: Peacekeepers Ready for Bosnia *[INTERFAX]* 53
Deputy PM on Relations With Russia, Economy *[POST-POSTUP 13-19 Dec]* 53

National Affairs

Kuchma Issues Decree Delegating State Executive Authority *[INTERFAX]* 55
Majority of Crimea's Leaders Pro-Kiev, Poll Says *[NEZAVISIMAYA GAZETA 4 Jan]* 56
Crimean Supreme Soviet Head Views Situation *[HOLOS UKRAYINY 21 Dec]* 56
Statement on Rising Anti-Tatar Sentiments *[INTELNEWS]* 59

Economic Issues

Premier Marchuk Upbeat on Economy *[INTERFAX]* 59
Verkhovna Rada Commission To Adjust Draft 1996 Budget *[INTERFAX]* 60

WESTERN REGION

Belarus

Foreign Policy Orientation, NATO Expansion Viewed *[SVABODA 22 Dec]* 61
Communists Support Russian Confederation Concept *[BELORUSSKAYA DELOVAYA GAZETA 21 Dec]* 61
Defense Minister: Belarus Not Militarized State *[INTERFAX]* 62
135 Deputies Accuse President of Violating Basic Law *[INTERFAX]* 62
Extraction of Oil, Gas in 1996 To Be Reduced *[BELAPAN]* 62

Moldova

Snegur on Relations With Western Organizations, CIS *[INTERFAX]* 63
More Moldavians Apply for Russian Citizenship *[ITAR-TASS]* 63

CENTRAL ASIA

Kazakhstan

Nazarbayev Edict on Private Land Ownership *[IZVESTIYA 4 Jan]* 65

Deputy Premier Shaykenov on Nazarbayev Decrees *[INTERFAX]* 65

Kyrgyzstan

Akayev on Need for Expanding Presidential Powers *[INTERFAX]* 65
Promises 'Serious Personnel Changes' *[INTERFAX]* 66

Tajikistan

President Creates Security Council, Appoints Chief *[ITAR-TASS]* 66
Rakhmanov's Additional Measures To Aid Privatization *[INTERFAX]* 67
Monitors Check Compliance With Peace Accord *[INTERFAX]* 67

Uzbekistan

UK Foreign Secretary Arrives, Comments on Visit *[ITAR-TASS]* 67
President Defends Entrepreneurial Business *[INTERFAX]* 67

CAUCASUS

Azerbaijan

UK Foreign Minister Rifkind Pays Official Visit 68
Rifkind Meeting With Aliyev Detailed *[TURAN]* 68
Rifkind Comments on Karabakh Solution *[TURAN]* 68
Meets With Gasanov *[ITAR-TASS]* 68
Rifkind Meets With Opposition Leaders *[TURAN]* 69
Oil Delegation Leaves for Iran *[INTERFAX]* 69

Georgia

Foreign Minister, OSCE Envoy Discuss Conflict Settlement *[INTERFAX]* 69
Foreign Minister Backs Kozyrev on Abkhazia Settlement *[NEZAVISIMAYA GAZETA 4 Jan]* . 70
British Firm Says Oil Prospects 'Excellent' *[SVOBODNAA GRUZIYA 28 Dec]* 70
Shevardnadze Outlines Future Role of Security Service *[SVOBODNAYA GRUZIYA 28 Dec]* .. 70

BALTIC STATES

Estonia

Foreign Minister Claims Innocence in 1992 Ruble Deal *[Tallinn Radio]* 72
Official on Russian 'Change of Attitude' *[Tallinn Radio]* 72

Latvia

Appointment of Privatization Agency Chief *[Riga Radio]* 72
Privatization in '95 Detailed *[BNS]* 72

Lithuania

Joint World Bank-IMF Team To Help in Banking Crsiis *[ELTA]* 73
Two Largest Commercial Banks To Reopen After Suspension *[INTERFAX]* 73
Brazauskas Critical of Slezevicius' Personal Banking Acts *[INTERFAX]* 73
Foreign, Defense Ministers Submit Resignations *[ITAR-TASS]* 74

Key Developments

Deputies Must Choose Between Duma, Current Post by 5 Jan

LD0401163796 Moscow ITAR-TASS in English 1432 GMT 4 Jan 96

[By Igor Belsky]

[FBIS Transcribed Text] MOSCOW, January 4 (ITAR-TASS) — Newly elected deputies to the Russian State Duma must report to electoral commissions, by late January 5, stepping down from posts in which they may not to stay on after being elected in the December 17 legislative polls.

A Central Electoral Commission spokesman told ITAR-TASS that January 5 is the law-set deadline for the deputies to decide whether they take up their parliamentary seats or remain in their jobs.

The election law requires the newly elected deputies to report in a written form quitting the posts which may not be held in tandem with the parliamentary membership.

Under the law, failure by a deputy elected on the nationwide list to comply with this requirement deprives him or she of the parliamentary seat which is to be given by the Central Electoral Commission to another deputy on the list.

Russia Is Our Home Deputy Gives Up Duma Seat

LD0401160996 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 1500 GMT 4 Jan 96

[FBIS Translated Text] Moscow Echo radio station has learned that General Lev Rokhlin (number three on the Russia is Our Home list) has renounced his deputy's mandate. Yuriy Sizov, deputy head of the executive committee of Russia Is Our Home, announced this on 4 January at a news conference by film director Nikita Mikhalkov, who on 3 January also announced his decision not to work in the state Duma. A year ago Lev Rokhlin headed a federal troop grouping in Chechnya.

Mikhalkov Prefers Films Over Duma Seat

LD0401165196 Moscow ITAR-TASS in English 1706 GMT 3 Jan 96

[FBIS Transcribed Text] MOSCOW, September 15 [as received] (ITAR-TASS) — Famous Russian film director Nikita Mikhalkov, who was second after Prime Minister Viktor Chernomyrdin on the electoral party list of the Our Home is Russia bloc during December polls, has rejected his parliamentary mandate.

Mikhalkov, whose Burnt by the Sun won the Oscar as the best foreign movie in 1994, told ITAR-TASS on Wednesday that he had notified the Central Electoral Commission on his decision.

In his message to the Commission's chairman Nikolay Ryabov, the prominent film maker explained his step as associated primarily with his artistic creative work and plans to start a new epic film devoted to the fate of officers in the Russian army.

NDR Spokesman Hails Mikhalkov

LD0401155896 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — The prominent Russian film director Nikita Mikhalkov, who won the recent State Duma elections under the Our Home is Russia (NDR) list, "has always been an active supporter of Our Home is Russia and a man on whom the movement can fully rely," head of the NDR press center Vladislav Fronin told INTERFAX on Thursday.

"Many well-known Russian scientists and cultural workers rallied round the NDR election platform," Fronin said in comments on Mikhalkov's decision to give up his mandate. "Some of them cannot join the Duma because of their professional inclinations. Nevertheless they remain active members and supporters of the movement," he added.

Two leading NDR members — Prime Minister Viktor Chernomyrdin and Nikita Mikhalkov — have already given up their Duma mandates.

With reference to those NDR representatives who have not made their final decision yet, Fronin singled out General Lev Rokhlin, whose troops distinguished themselves in the fighting for Groznyy at the beginning of last year.

According to latest reports, chairman of the State Property Committee Sergey Belyayev is the only prominent NDR member who has announced his decision to work in the Duma so far; he will lead the NDR faction in Russia's parliament.

Belyayev intends to give up the post of State Property Committee chairman, Fronin said, but he has taken no formal steps in this connection yet. Nevertheless, in accordance with Russia's Constitution, Belyayev will have to announce his final decision no later than January 5.

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Ryzhkov Views Members' Refusal of Seats

LD0401155796 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — Prominent film director and leading member of Russia is Our Home (NDR) Nikita Mikhalkov's decision to give up his State Duma mandate has no political foundations; it was coordinated with the NDR leader and Russian Prime Minister Viktor Chernomyrdin, deputy head of the NDR executive committee Vladimir Ryzhkov said in an exclusive interview with INTERFAX on Thursday.

According to Ryzhkov, Mikhalkov remains a member of NDR; however, after his conversation on Tuesday [2 January] with the prime minister it was decided that "the world-famous film director must continue to make new films, rather than serve as a State Duma deputy."

Ryzhkov sees nothing surprising in the circumstance that three leading members of NDR — Prime Minister Chernomyrdin, film director Mikhalkov and General Lev Rokhlin — gave preference to their professional activity, not to work in the State Duma. Previously, a spokesman for NDR told INTERFAX that Rokhlin had not taken his final decision on this score yet.

"All of them retain their NDR membership; the movement is not confined to its State Duma faction," Ryzhkov pointed out.

The Council of Russia is Our Home is planning to convene for a conference in early February to discuss its policy for 1996, "including its attitude to the upcoming presidential elections," he said. The nomination of a candidate for presidential elections "is out of the question," Ryzhkov stressed.

According to Ryzhkov, NDR is planning to hold its congress in February or early March.

Commentary

Gorbachev, Others Comment on Election Results

964F0704A Moscow MOSKOVSKIYE NOVOSTI in Russian 17-24 Dec 95 No 86, pp 2-3

[Comments on election results by prominent politicians and public figures; places and dates not given: "Special for MOSKOVSKIYE NOVOSTI"]

[FBIS Translated Text]

Mikhail Gorbachev, president of the USSR:

I rejoiced on seeing that the people disproved the vulgar forecasts, which predicted low activism in the elections and political apathy. Other than that, there were no particular surprises. In truth, I did not expect that the LDPR [Liberal Democratic Party of Russia] would be able to shore up so many votes and that things would turn out this way for the Agrarians. It has long been clear that the pendulum of public opinion has swung to the left. It cannot be otherwise when the government leaves millions of people below the poverty line. It would be strange if the left did not achieve good results in these elections. People found a way to express their attitude toward the authorities with the help of the elections, and in my opinion, one can only welcome this.

Should we call Zyuganov's party a stunning success? I think not. In a certain sense, the Communists ended up in a rather difficult situation. They took exactly enough votes to inspire hope among their voters, but are unlikely to be able to realistically do something for them. On the other hand, I think Zyuganov understands that these people voted for the Communists, not for a return to the past.

The presidential elections also are a restraining factor. I do not think that half a year before this event the Communists' leader will want, for example, to become the head of government and, accordingly, assume the burden of full responsibility for the situation in the country.

I think that our entire political life today will be defined by the imminent presidential elections. We are heading into exhausting maneuvering for additional votes. A search will commence on all flanks for candidates capable of uniting around them a broad circle of politically like-minded people. By the way, I am not sure that Gennadiy Zyuganov will be the left's candidate of choice. Opinion polls indicate that about half of those voting for the CPRF [Communist Party of the Russian Federation] would not want to see him as a candidate for president. And in general, how realistic is the Communist Party of Russia's victory in presidential elections? I think that the probability is not high. I have a feeling that the radical left's resources have already been exhausted. The CPRF could expand it by firmly embarking the road of democratic transformation instead of pulling back to the past.

The situation is even more difficult for those centrist political forces that are interested in furthering democratic reforms. Once again, and very urgently, the question of a single candidate from YaBLoko, the Party of Workers' Self-Government, the DPR [Democratic Party of Russia], Ivan Rybkin's bloc, and the Social Democrats arises. I think that in the interests of the cause, immediate consultations on the subject must be held.

Unfortunately, the question of moving the elections is not completely moot: Too many people in power are

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holding on to their chairs with a dead grip. But implementing this scenario will inevitably require political destabilization.

Eduard Shevardnadze, president of Georgia:

It is both difficult and improper for me to comment on the Russian elections. But at the same time I can say with certainty that Russia has embarked on the road of democratic development and will not veer off this road. The important point is that for Russia these are the first democratic elections that have taken place in an environment of free expression of popular will. Preliminary results give reason to say that a possibility of an interesting balance of forces is emerging, which in turn legitimizes the democratic road of the country's development.

Therefore, I think that Georgia has no reason to be concerned about Georgian-Russian relations. As before, they will get stronger on the basis of accommodating our mutual interests.

Rudolf Slanskiy, extraordinary and plenipotentiary ambassador of Russia to the Czech Republic:

Being an ambassador, I am not inclined to appraise the State Duma elections. This is an internal matter of Russia and its people. Besides, there are no final results yet. In a few words, one could say: Everything is not as bad as it could be, but not as good as one would want it to be. The trend is clear, and it was not a big surprise. Except that the LDPR got more votes than I expected. The electorate's taste is indeed fairly fixed. Essentially, the Communists and the LDPR have swapped places compared to the 1993 election results. At the time, the Liberal Democrats led with about the same share as the Communists today.

The centrist parties did not lose much either from the standpoint of surmounting the 5 percent barrier. Still, it is important to factor in the results of the vote in majority districts, which I do not yet have. As to the Russian Communists.... My feeling is that they are not Bolsheviks, but neither are they yet Western-style social democrats. They are somewhere in between.

If this distribution of forces remains in place, the Duma will not be monotone and is not in danger of being one-sided. I do not think that Russia is facing great changes after the elections. In any case, the potential for these changes is limited by the real political and economic situation in the country.

Anatoliy Sobchak, mayor of St. Petersburg

For me, there was only one surprise in the election results—the relative success of Zhirinovskiy. Although, to St. Petersburg residents' credit, in our city he did not receive even 3 percent of the vote and none of his candidates won.

Overall, taking into account the distribution of forces in single-seat districts, the parliament will resemble its predecessor—the same mosaic patchwork. Which means it will have difficulty reaching agreement on the wording of laws it adopts, and will not be too productive. Nevertheless, I hope it will become more professional. Many deputies of the previous State Duma will continue their activities, and the experience of legislative work they have accumulated will play a positive role.

I think these elections have not made the situation in the country worse. They also provide good reference points for the upcoming battle for the office of president. My forecast remains unchanged: The person elected the new president of Russia will be a man of democratic, reformist views, definitely not a communist or nationalist. So the economic stabilization, which has already began, will also be supported by political stabilization.

Leczek Balcerovic, chairman of the Freedom Union party, Poland

Preliminary results of the elections in Russia have confirmed the forecasts that the Communists would do well. Their success is the reaction of the people, for whom the yoke of economic reforms has become unbearable and who mistrust the methods by which these reforms were implemented...

One can see something else, too, however—considerable voter support for the parties identified with the changes taking place in Russia. And this is an indicator that provides hope for an economic recovery.

Right now it is hard to tell what the final distribution of forces in the State Duma will be. But I would like to express hope that it will allow Russia to stay on the road of democratic and market transformations. This is extremely important for both Russia itself and the whole world.

Bernard Getta, LE MONDE staff correspondent in Moscow in 1987-1990, Radio France political commentator

The results of the elections in Russia are a Russian manifestation of an all-Europe syndrome. In Western Europe we are witnessing a growing rebellion against the profound changes politicians are pressed to make by the process of the European Union's unification. In Poland and almost all of Central Europe, the communist comeback, caused by difficulties in the transition to a market economy, has already occurred. Should we

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then be surprised that in Russia, where this transition is incomparably more painful, the same phenomenon is taking place?

Russia's problem, however, is that its communists, unlike communists in Central Europe, were not the people who started the reforms. On the contrary, they resisted the changes Mikhail Gorbachev attempted to implement. That is why their current triumph is a matter of much greater concern than the elections of Alexander Kwasniewski and Gyula Horn. On the other hand, even despite this, the communist comeback in Russia can no longer be called communism's comeback.

I would mention the retreat of the nationalists as another important result of these elections. Even the combined vote received by the LDPR and the KRO [Congress of Russian Communities] does not add up to the electorate that voted for Zhirinovskiy two years ago. Actually, the nationalist electorate in Russia is not considerably greater than the right extremists' electorate in France, Austria, or Italy. It is, if you wish, a sign of a country's relatively normal political health.

A number of other circumstances point in the direction of democracy finally taking root in Russia. For instance, all the parties that confidently surmounted the 5 percent barrier represent a real force in society; their success is not accidental. And the participation of large number of voters in the parliamentary elections indicates that people are aware not only of their importance but also their significance for the subsequent presidential elections.

Marshall Goldman, professor, head of Harvard University's Russian Research Center

I will start with what I consider a surprise. As many others, I predicted a communist victory, but a puzzling surprise for everyone in the United States is the high rating of Zhirinovskiy's party. Another surprise is the KRO's low rating. It is strange that the Lebed card was played so poorly.

As to forecasts on the development of the situation in Russia, I have no doubt that the conservative majority in the Duma undoubtedly will demand that the government suspend market reforms. Yeltsin can publicly swear all he wants that the free-market course is irreversible, but certain steps back are inevitable. Attempts may be made, in addition to Chechnya, at military revival and restoration of the territorial integrity of the USSR. State control over prices will be reinstated; there will be a revision of "criminally" privatized former state property; censorship may be partially restored. Yeltsin will be forced to sacrifice the last liberals in his government, first of all Chubays and Kozyrev. At the same time, it is almost certain that he will not attempt to get rid of the unwelcome parliament by force. If he does that, the result will be precisely what the Communists want—the final collapse of democracy in Russia.

In this situation, the United States most probably will not take any steps right away, but eventually will definitely cut economic aid to Russia. Scared by the specter of communism, East Europe will redouble its efforts to join NATO. Therefore, I think that the main problem America will face in the near future is the expansion of NATO and working out this sensitive issue with Russia.

By the way, the Russian Communists' electoral victory can also be seen as another tactical victory of the American Republicans over the Democrats. Congress will begin accusing President Clinton of squandering American aid on communist Russia. And Clinton will begin responding that had the Republicans permitted greater aid to Russia in the past, the standard of living there would be higher by now and people would not have voted for the Communists.

Fedulova Blames Men for Women of Russia's Poor Showing

MK0501065196 Moscow NEZAVISIMAYA GAZETA in Russian 30 Dec 95 p 2

[Interview with Alevtina Fedulova, leader of the "Women of Russia" party, by Grigoriy Nekhoroshev under the "Parties" rubric: "'Men Will Yet Regret It.' Alevtina Fedulova, Leader of 'Women of Russia' Movement, Does Not Think That Her Bloc Lost"]

[FBIS Translated Excerpt] [Nekhoroshev] Alevtina Vasilyevna, how do you assess the failure of the "Women of Russia" bloc in the elections?

[Fedulova] I would not like to put the word "failure" into circulation.

We do not represent any political force in its classical form. Our electorate comprises people who have no clear-cut political ideology or view of the world. For this reason they are not very consistent in their approaches. But the fact that we came in fifth out of 43 associations and that we fell short of clearing the hurdle by just a few tenths of a percent, that 3 million voters follow us — this is not a failure, this is a victory.

Our society is patriarchal, conservative, its origins date from long ago, centuries. The view that politics are forbidden fruit for women has taken shape over centuries, not years. This cannot be changed simply overnight. Women cannot effect change right away, so people followed those who perhaps can change

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something immediately. Voters still have no clear idea as to what the State Duma is about and what function it fulfills. Meanwhile, we have proven by two years of our work that we fulfill these functions better than anyone else. And if I cited the list of bills that we have submitted or in whose drafting members of the "Women of Russia" faction have been involved, they will prove to be much more numerous and serious than those proposed by many other factions. [passage omitted]

[Nekhoroshev] You were a fairly cohesive group at the State Duma. Now that most of your colleagues have not made it into the State Duma, will your movement not break apart and become purely decorative?

[Fedulova] This movement has been based on specific women's organizations. They have been and will continue operating. Perhaps we will have somewhat fewer levers of pressure to push our decisions through the State Duma. We still have three of our representatives there. But the movement will continue gaining strength. The Union of Russian Women and the Union of Women of the Navy still operate, many other women's organizations would like actively to work within our movement. We continue grooming young women — future politicians who could be sent to the future Duma. Perhaps using other ways. We will try to assume the role of public experts on laws to be adopted. We are devising options and mechanisms that we will subsequently propose to the government, because it cannot exist without reliance on public organizations. Particularly on women's organizations, because, by looking at how many women there are in the government, you will be able to conclude how women's views are heeded there.

We will have to work harder without such a public rostrum as the State Duma, we will have to look for other roads. The reason we did not make it into the parliament is men's shortsightedness, which they will yet regret time and again.

Agrarians Express Confidence in Lapshin as Leader

MM0401133196 Moscow SELSKAYA ZHIZN in Russian 4 Jan 96 p 2

[Statement by Agrarian Party of Russia Press Service: "On Situation in Agrarian Party of Russia"]

[FBIS Translated Text] Over the last few days there have been reports in certain mass media, including ITAR-TASS, which fundamentally distort the essence of the decisions adopted by the session of the Agrarian Party of Russia Board.

In this connection the Agrarian Party of Russia Press Service states the following: Last Saturday's [30 December] session of the Agrarian Party of Russia board examined in an attentive and self-critical manner the 17 December parliamentary election results whereby the "Agrarian Party of Russia" Electoral Association regrettably failed to clear the 5-percent hurdle although Agrarians received 20 deputies' seats in single-seat districts.

Speaking at the board session, Agrarian Party of Russia Chairman Mikhail Lapshin made serious complaints about the leaders of organizations that made up the Agrarians' electoral association.

While noting the shortcomings and omissions in election work, all members of the board did, however, deem the Agrarian Party of Russia's policy correct and in keeping with the fundamental interests of the peasantry and expressed complete political confidence in Mikhail Lapshin as party leader.

Board members were unanimous that amid the emergent multiparty system only a strong independent party can reliably defend the interests of the peasants. In this light the further strengthening of the Agrarian Party of Russia and the broadening of its political influence are seen as urgent top-priority tasks. This idea was also underlined in an appeal to peasants and all Russian Federation citizens.

It was decided to convene an Agrarian Party of Russia Central Council Plenum at the beginning of the second 10-day period of January 1996.

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ITAR-TASS Carries Press Review for 5 Jan

LD0501070996 Moscow ITAR-TASS in English 0700 GMT 5 Jan 96

[FBIS Transcribed Text] MOSCOW January 5 (Itar-Tass) — ROSSIYSKAYA GAZETA on Thursday's government meeting.

Economics Minister Yevgeniy Yasin presented a draft concept for the country's transition to steady development. Such a concept is being elaborated in keeping with a Presidential decree dated February 4, 1994.

The draft concept was rather strongly criticised at the government meeting "for its being amorphous, declarative and lacking clear-cut reference points and development priorities", the newspaper points out. The document was sent back for revision.

ROSSIYSKAYA GAZETA on the construction of the Church of Our Saviour.

On Christmas, the Church of Our Saviour, which is being re-built in Moscow, will be provided with a dome, and its cross is to be sanctified.

TRUD on Economics Minister's falling into disfavour.

The newspaper believes that Economics Minister Yevgeniy Yasin found himself in an unexpected disfavour recently. Several days prior to the New Year, President Boris Yeltsin publicly issued an instruction to prepare proposals within two days "to strengthen the Economics Ministry and sack ruiners". The unprecendented intrusction was prompted by the Ministry's failure to provide funds for the reconstruction of the Krasnoyarsk harvesters-making plant.

That criticism leveled at the Ministry of Economics from the Kremlin was not fortuitous is also evidenced by the following fact. At the end of November last year, Viktor Chernomyrdin, Anatoliy Chubays, Vladimir Panskov, Sergey Dubinin, and Aleksandr Livshits visited the President at Barvikha to fix new ceilings of the currency exchange band, the so-called curency corridor. However, Economics Minister Yevgeniy Yasin was not invited to discuss this utterly important economic matter. This was a serious indicator, the newspaper notes.

IZVESTIYA on a possible version of the crash of the Tu-154 airliner in the Far East.

In the opinion of Mikhail Ustyuzhin, 70, former military pilot, First Class, the crash was caused by the jet flows of the air. Ustyuzhin maintains that such currents are rather common in the Far East. They are caused by the difference between the temperatures of the continent and the not yet cooled sea.

ROSSIYSKAYA GAZETA on the smuggling of 36 tonnes of hashish.

" A record-high amount of hashish — 36 tonnes — has been extracted from the hold of a ship which is manned, ostensibly, mostly by our compatriots.

"However, Spanish newspapers cautiously referred to the detainees as coming 'from the former Soviet Union' and did not mention Russia at all. According to preliminary data, only one seaman is from Russia. Ths ship with the criminal cargo was uncovered as a result of a large-scale operation to fight drug traffickers," the article points out.

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Federation Council Approves Sending Troops to Bosnia

AU0501121696 Paris AFP in English 1141 GMT 5 Jan 96

[FBIS Transcribed Text] Moscow, Jan 5 (AFP) — In a major victory for President Boris Yeltsin, Russia's Federation Council on Friday overwhelmingly approved sending troops to Bosnia to take part in the NATO-led peace mission.

The council, or upper house of parliament, voted to send 1,600 soldiers on a mission lasting until January 31, 1997.

A total of 137 council members voted for the resolution — backed by Yeltsin — two voted against and two abstained.

Prior to the vote, senior military officials reassured the council that in line with an arrangement worked out with NATO, Russian troops would not be placed directly under the alliance's command.

But General Leonti Shevtsov, commander of Russian forces in Bosnia, noted that funding for the operation — estimated at some 49 million dollars – was still uncertain "as the Defence Ministry does not have the necessary means."

A general of a parachute division, Yevgeny Podkolsin, who will coordinate the operation from Moscow, said "the participation of this brigade would enhance Moscow's prestige on the international scene."

"If Russia refuses to take part", he warned, "she will lose a means of influence" on questions of international security.

Deputy Foreign Minister Nikolai Afanasievsky said that Russia intended to "play an active role in the political resolution of the Bosnian conflict," adding that the operation could serve as a model for a future security system in Europe.

"Our position on cooperation with NATO today, is that of the cold partner," he said, triggering laughter in the council.

General Shevtsov said Russia would send "a brigade of two battalions which will be deployed in the east of the Posavina corridor in northeast Bosnia, and patrol the town of Brcko alongside US troops.

On timing, he said: "The headquarters and a battalion of this brigade must be on the ground from January 20, the whole brigade must arrive by February 1, in order to start operations from February 5."

But the general said he did not know how the 11 rail convoys and 75 aircraft needed for the Russian mission would be transferred from Russia.

Further on Peacekeeping Force Decision

LD0501124896 Moscow ITAR-TASS in English 1235 GMT 5 Jan 96

[By Lyudmila Yermakova]

[FBIS Transcribed Text] MOSCOW, January 5 (ITAR-TASS) — The Russian Federation Council gave its consent today to the participation of the Russian military contingent in a peacekeeping operation of the multinational force in Bosnia and Herzegovina. 137 members of the Council voted for it, two voted against and as many abstained from voting.

The Federation Council discussed that problem in connection with the December 19 appeal of President Yeltsin and the federal law "On the procedure for providing by the Russian Federation of the military and civilian personnel for participation in the activities for maintaining or restoring world peace and security."

The Federation Council resolved that the Russian military contingent with a strength of 1,600 would be used in the peacekeeping operation for implementing the framework peace agreement for Bosnia and Herzegovina on condition that the contingent would be financed in accordance with the above mentioned law.

Representatives of the president — First Deputy Head of the Main Operational Department of the General Staff Leontiy Shevtsov, Commander of the Airborne Troops Yevgeniy Podkolzin and Deputy Foreign Minister Nikolay Afanasyevskiy — spoke at the session of the Federation Council. They stressed that Russia had interests in the Balkan Peninsula and that it needed the peacekeeping operation "as a European country, which cannot remain aloof to what is going on in the continent."

The Russian brigade, made up of two battalions, will be deployed in the north-eastern part of Bosnia and Herzegovina. Its tasks will include the disengagement of the warring parties and the creation of a buffer zone, the maintenance of law and order, the promotion of the return to normal life, as well as the participation in rendering humanitarian assistance. Overall command of the operation will be exercised by an American general, who will have an assistant — a Russian general, who will be directly in charge of the Russian military contingent. As was reported at the session, the brigade will be financed from the federal budget in the amount of 200 billion roubles.

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Costs of Bosnia Peacekeepers Considered

MM0501112896 Moscow IZVESTIYA in Russian 5 Jan 96 p 3

[Article by Boris Vinogradov: "Gentlemen, Give Moscow Money To Keep the Peace in Bosnia"]

[FBIS Translated Text] Russian peacekeepers have declared themselves on alert status one to go to Bosnia in order to perform their international duty there with NATO troops.

At snow-covered test ranges near Kostroma 1,500 of our airborne troops displayed their excellent appearance and combat skills before the delighted gaze of military attaches and journalists. Brigade Commander Guards Colonel Aleksandr Lentsov confirmed that their mission is clear and their objectives have been outlined. These consist of ensuring the implementation of the Dayton agreements on the cease-fire zones and the disengagement of the warring sides.

It is known exactly where our peacekeepers will be going — the northern part of Bosnia, the area around Brcko, Zvornik, and Tuzla. Men of the U.S. First Armored Tank Division are stationed there alongside Swedes, Norwegians, and Turks. They are to cooperate closely with one another on the basis of the previous agreement that the Russians are not to come under NATO jurisdiction but will come under the command of their own General Leontiy Shevtsov, who will be in Brussels. Many people still cannot comprehend the niceties of this complex undertaking. The limited sovereignty of our limited contingent in Bosnia needs to be finalized.

On the other hand it is also known that over 60 aircraft sorties and four trains will be required to move the Russian airborne brigade to Bosnia. It will have at its disposal over 120 pieces of armored equipment and around 300 motor vehicles. The brigade has been formed from the 98th and 76th Airborne Divisions. Virtually all the officers fought in Afghanistan or Chechnya and the brigade includes representatives of 23 nationalities. Brigade Commander Lentsov has been awarded four combat orders; in 1979 he led his reconnaissance company to Kabul; he is married with a son who is currently sailing around the world in the yacht Kruzenshtern.

The only unknown factor is who will pay for all this and how much it will cost. Based on Defense Ministry requests, $78 million needs to be found at first and this will be spent on technical support — the deployment [progon] and use of equipment, fuel, ammunition, and food. Around 20 million [currency not specified] is needed in addition to pay soldiers, officers, NCO's, and petty officers, 2,000 of whom are being recruited, counting staff officers.

The main forces are scheduled to be sent off in mid-January. And at its last session 5 January the Federation Council, before disbanding, is to give the "go-ahead" in response to President Boris Yeltsin's appeal for peacekeepers to be sent to Bosnia. There is no doubt that the senators will give their consent. The Committee for Defense and Security told IZVESTIYA that they will not delay: This is a highly important political decision and Russia will not look any worse than anyone else here. As for money, that is the government's concern, a leading committee expert pointed out.

The desire to look "no worse than anyone else" is laudable. The airborne troops have solemnly promised not to disgrace their native land and not to harm the reputation of Russian arms. Presumably they will keep their word. At any price. Nonetheless, none of them as yet knows what that price will be. I am talking about a prosaic matter like wages.

When our contract personnel were serving in the former Yugoslavia under the UN flag they received $860-900 per month. Their neighbors — the "blue berets" — from Belgium or France, say, got $3,000, in other words the full rate. Latent envy sometimes gave rise to muffled murmurings, but there was no case of anyone refusing to do their job. The underpayment of over $2,000 was used to pay Russia's UN budget arrears, since it was the United Nations that was funding the operation.

The terms of the NATO operation are different — each country is paying for itself. In our case this is Viktor Chernomyrdin's government. As far as we are aware, on the day that the Federation Council adopted the decision, the Finance Ministry had not yet determined expenditure. There is no provision in the 1996 budget for this. This is something new for Russia. The section of the budget dealing with the upkeep of peacekeeping forces outside the fatherland — in Tajikistan, North Ossetia, and Abkhazia — is miserly, barely enough for the CIS.

Admittedly, there is one option, but it is extremely unlikely. We have learned that there are proposals to ask Russian private structures to make donations in the form of currency transfers to a special Savings Bank account. "Cash" is needed only to pay per diem allowances and other expenses. The government has pledged to allocate the rest — equipment, gasoline, and solar oil — using internal reserves.

Similar experience has already been accumulated where Moscow and other cities provided humanitarian aid for the Serbs, collecting food from our rich traders'

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commercial depots. It is not important that the food sometimes proved to be stale and, according to Slobodan Milosevic, was buried after being delivered to Belgrade.

The Finance Ministry's currency department told us that the question has not yet been "worked out" and they clucked highly significantly when the talk turned to 100 million. But even if the money is found and deposited in Defense Ministry accounts, no one knows how many dollars each of our peacekeepers will get.

Unlike contract personnel, they are called "fixed term personnel" [srochniki], in other words troops on fixed-term service. They have fewer rights. Defense Ministry financiers will hardly pay them around $1,000 — not out of greed of course, but due to the skimpy nature of the budget. Meanwhile the Americans and other Swedes [as published], as one military man from Russian Airborne Troop headquarters said, have decided "not to disgrace themselves" and will pay their people in Bosnia in accordance with UN norms — $3,000 or more.

U.S. Embassy 'Press Attache' Cited on Money Problems

MM0401201496 Moscow IZVESTIYA in Russian 4 Jan 96 p 3

[Report by Vladimir Mikheyev: "U.S. Diplomats Work at Full Capacity for Half Pay"]

[FBIS Translated Text] On Thursday the diplomatic and technical personnel of the U.S. Embassy in Moscow were forced to be satisfied with only half of the usual remuneration for their righteous labor, because at home in Washington the legislature is still unable to reach agreement with the executive.

Remember, Congress and the Clinton administration differ in their opinion as to how to decrease the chronic budget deficit. The parliamentarians have not allowed the president to take out additional state loans in order to put money into the treasury and, as a result, a financial crisis has broken out which appears to have hit first and foremost the diplomatic missions abroad and the State Department itself.

The wages of diplomats and of auxiliary personnel who are Russian citizens have been cut in half. Everyone is hoping that this is a temporary measure. Some 37 staffers directly on the State Department budget have been instructed to stop working for the time being altogether. Nevertheless, 100 percent of the hired Russian workers and 80 percent of the Americans are working untiringly, press attache Richard Khoglend [name as transliterated] affirmed in an interview with IZVESTIYA.

The period of enforced asceticism will not undermine the prosperity of the majority of U.S. diplomats very seriously. But some people, from what he said, have to give financial assistance to elderly parents, some people are burdened, in a good sense, with a large family, and in addition practically everyone has a mortgage to pay on an apartment or house.

This blow has come at a particularly bad time, Richard added, because in January those who have adult children at university have to pay the second semester's installment of fees.

How well provided for are workers on the U.S. foreign policy front? A junior staffer receives an average of $40,000 a year, but that is before tax, which depends on the legislation of the state in which the U.S. diplomat is "registered." Income tax and other tax total between 30 and 35 percent.

By way of consolation, the detached workers are being granted three types of "bonuses," the press attache explained. The first of these is a 15-percent bonus added to the basic pay for the "burden," that is, the sum of unfavorable factors, involved in living in the sojourn country. Climatic adversities, the level of pollution, access to Western-standard medical services, and the availability of educational establishments for children and adolescents are also taken into account.

The second privilege is a supplement, which we can remember ourselves, for knowing a foreign language: For being able to speak Russian tolerably well, a U.S. diplomat obtains another 10 percent. And, finally, a kind of subsidy is issued which is calculated in a very elaborate way and depends on local conditions. You can understand what this means from Richard's remark: "Moscow is a very expensive city for us."

You can scarcely envy the inhabitants of the complex of embassy buildings on Novinskiy Boulevard; the mini-supermarket within it sells goods at virtually the same price as the tyranically expensive Cheremushki market.

The cafeteria menu is not distinguished by its record low prices either. The other day Richard chose chicken stew with rice and salad, for which he paid $6.50. From what he said, lunches usually cost between $5 and $8. However, as a typical bachelor Richard Khoglend does not consider it beneath him to buy basic commodities at perfectly ordinary Moscow counters.

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Russian, Ukrainian, U.S. Defense Ministers Meet in Kiev

ITAR-TASS Observer Views Kiev Meeting

MM0501091296 Moscow ROSSIYSKIYE VESTI in Russian 5 Jan 96 p 2

[Article by ITAR-TASS observer Mikhail Shevtsov, especially for ROSSIYSKIYE VESTI: "Can We Cooperate Properly In 'Twos' or 'Threes'? First-Ever Meeting of Heads of Russian, Ukrainian, and U.S. Military Departments Opens in Kiev"]

[FBIS Translated Text] e first tripartite meeting of the heads of the Russian, Ukrainian, and U.S. military departments — Pavel Grachev, Valeriy Shmarov, and William Perry — that is being held in Kiev goes beyond the framework of an ordinary event and could mark the beginning of a new stage in the cooperation between these states not only in the military but in the political sphere as well.

The main point at the meeting is the progress in implementing the START Treaty and the implementation of the tripartite agreement to withdraw strategic nuclear forces from Ukrainian territory that was signed 14 January in Moscow by the Russian, Ukrainian, and U.S. Presidents.

Under these agreements, Ukraine pledged to eliminate 176 ICBM's and around 1,500 nuclear warheads targeted against the United States. Ukraine then confirmed its status as a nonnuclear power and agreed to hand over its nuclear warheads to the Russian side. Russia promised to offset this with supplies of nuclear fuel for Ukraine's nuclear power stations.

The defense ministers will also be discussing a wide range of European security problems — specifically, the Bosnia situation, participation in NATO's "Partnership for Peace" program, and the progress in implementing the Treaty on Conventional Armed Forces in Europe.

Russian Defense Minister Pavel Grachev, who has arrived on an official visit to Ukraine, will be holding meetings with Ukrainian President Leonid Kuchma and Prime Minister Yevhen Marchuk, and will address the Ukrainian Armed Forces Academy.

During the talks between the Ukrainian and Russian military delegations, attention will focus mainly on discussion of the progress in implementing the 26 documents on military and military-technical cooperation between the two countries that were signed by Pavel Grachev and Valeriy Shmarov at the Sochi meeting 24 November last year.

These fundamentally changed the nature of Russian-Ukrainian military cooperation. They include, among others, agreements on the organization of interstate military shipments and payments for them, the organization of the reception, airfield technical support, and protection of Ukrainian and Russian Armed Forces aircraft, and on the procedure for removing (destroying) specialized equipment located in Ukraine. The sides agreed on cooperation between the two countries' Defense Ministries in the sphere of military space activity, and on the composition of the missile attack early-warning systems located on Ukrainian territory. For the first time since the collapse of the Union it was possible to reach agreement on the handover of Tu-160 and Tu-95 strategic bombers to Russia.

It is quite obvious that the thrust of the policy being implemented by Russia and Ukraine, particularly in the military sphere, will largely determine the military-political climate on the European continent. It is no exaggeration to say that relations between the two countries are a barometer which other CIS states largely use for checking their policies against.

Kiev Meeting Seen as 'Watershed'

MM0401170096 Moscow ROSSIYSKAYA GAZETA (Weekend Edition) in Russian 5 Jan 96 p 2

[Report by Mikhail Shchipanov: "Winter. Silo Being Blown Up!"]

[FBIS Translated Text] P. Grachev, W. Perry, and V. Shmarov, the defense ministers of Russia, the United States, and Ukraine, met in Kiev yesterday — all three together for the first time in recent history.

Actually, Shmarov and Grachev had reached agreement on their present meeting back in November of last year in Sochi. However, the additional appearance of their American colleague has changed the "geometry" of the Kiev forum. Clearly this triangle cannot be called a love triangle. The Americans have long been trying to make use of an opportunity to play the exceptionally advantageous role of mediator in relations between the once fraternal countries — Russia and Ukraine. In fact such a position would ensure a privileged political presence in East Europe for the Yankees.

There really are some global questions affecting the geostrategic interests of both Moscow and Kiev whose settlement requires the participation of the last superpower — the United States. Notably, following the elimination of the Warsaw Pact, and then the collapse of the Union, Russia is perfectly reasonably insisting on the urgent review of a number of the provisions of the Treaty on the Reduction of Conventional Weapons in Europe. This notably concerns the so-called flank restrictions. Obviously the new realities are dictating to

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Russia the need to strengthen the concentration of conventional weapons beyond the limits of the 1980's on the most unstable southern borders. And this question can be discussed perfectly well with the participation of both Ukraine and the Americans.

However, the meeting that has just begun will be an important watershed for the host, Ukraine, significantly strengthening its prestige as an influential regional power. That is why Shmarov first held "separate" meetings with his colleagues, and then all three of them met at the negotiating table. In this connection, the fact that President L. Kuchma has received the participants in the meeting is also supposed to underline the significance of the whole event again.

However, there is also a symbolic culmination to the tripartite meeting. Today the triumvirate is supposed to fly out by helicopter to the now famous Ukrainian city of Pervomaysk, in whose vicinity some silos, currently unoccupied by strategic missiles, are located. After all, it is by the number of blown-up silos, originally designed to withstand a direct nuclear attack, that the elimination of strategic weapons remaining on Ukrainian territory is largely being calculated.

The blowing up of the latest silo in the presence of high-ranking visitors will be a kind of festival fireworks. However, the actual process of the blowing up of the silos, the dismantling of equipment, and the elimination of nuclear warheads — the legacy of the USSR Armed Forces — will carry on for several more years. However, the Americans, who are subsidizing Ukrainian disarmament, also needed a public demonstration of where their money is going.

In a word, the tripartite meeting does not look like a routine protocol event.

Grachev 'Happy' With Results of Talks

LD0401181096 Moscow NTV in Russian 1600 GMT 4 Jan 95

[From the "Segodnya" program]

[FBIS Translated Text] Russian Defense Minister Grachev today confirmed that Russia intends to acquire 10 long-range strategic bombers left in Ukraine after the collapse of the USSR. Reports have also appeared that Russia is also interested in acquiring the cruise missiles on the bombers. The reports mention roughly 700 missiles. Today's historic meetings in Kiev between the military leaders of Russia, Ukraine, and the United States were accompanied by this and other interesting news.

[Correspondent Aleksandr Mostafin] The ministers of defense of Russia and the United States, Pavel Grachev and William Perry, arrived in Ukraine on 4 January. The official reason for their visit is to take part in a ceremony during which missile silo systems in the town of Pervomaysk are to be destroyed. The ceremony will take place tomorrow. The defense ministers of the three countries devoted today to talks, both bilateral and trilateral. Relations between Ukraine and the United States and Ukraine and Russia are evolving in different ways. This is the fifth visit by Perry to Kiev and that, in his opinion, is a good illustration of the close cooperation between the military departments of both countries. The Ukrainian military has difficulty in finding mutual understanding with Russia. The problem of the Black Sea Fleet gets in the way. And although Pavel Grachev expressed the hope that Russian-Ukrainian relations would improve in 1996, no particular enthusiasm was felt in his words.

[Begin recording] [Grachev] In my view the results of the work are very positive and we are happy with them.

[Unidentified man in civilian clothes beside Grachev] Pavel Sergeyevich, not without problems, of course, but on the whole, I fully agree with Pavel Sergeyevich's description.

[Grachev] Problems are inevitable. The fact of the matter is, these are real people and over a number of years they did not understand each other and they are now all of a sudden in a situation in which understanding is essential and in which agreements must be fulfilled. [end recording]

[Mostafin] Aleksandr Mostafin, Nova Mova television company for NTV.

Grachev on NATO's Eastward Expansion

LD0401183596 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] KIEV, Jan 4 (INTERFAX-UKRAINE) — An expansion of NATO to the East may lead to the domination of strong-arm political tactics and undermine European security, Russian Defense Minister Pavel Grachev told teachers and cadets of the Ukrainian Armed Forces Academy in Kiev Thursday.

He stressed that such an expansion may compel Russia to form a group of troops "adequate to the new real threats."

"We will have to review our approach to the role and place of tactical nuclear weapons and revise our commitments under military agreements," he said.

Grachev believes that a "real transformation of NATO must consist not in expanding the area of the Alliance's

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responsibility but in its conversion into an institution of collective European security."

Russia has consistently spoken in favor of a non-bloc system of collective security and a leading role of the OSCE [Organization for Security and Cooperation in Europe] in such a system.

"It would allow one to avoid a possible new division of Europe and provide equal security guarantees to all European countries," he said.

Grachev said that Moscow has thoroughly analyzed the Study on NATO Enlargement but found no convincing explanation for its intentions. At the same time, the document admits the possibility of bringing foreign troops and nuclear weapons to the territories of new members of the Alliance.

Speaking about Russia's participation in the international force in Bosnia, Grachev said that the Russian contingent will concentrate exclusively on peacekeeping operations and will avoid the use of force to implement peace. He said that deep-rooted contradictions between the conflicting sides remain despite international efforts to secure peace in Bosnia.

"Some representatives of the conflicting sides already say that they are prepared to continue the struggle by political means. However, there is no guarantee that they will not resort to military means of resolving differences," he said.

Hence, "everyone must be prepared for preemptive military and political steps to meet possible challenges," said Grachev.

He also said that the issue of political control over the operation and over the implementation of the peace agreement as a whole needs to be worked on further.

Kuchma Announces Joint Military Exercises

LD0401190596 Moscow Russian Public Television First Channel Network in Russian 1800 GMT 4 Jan 96

[From the "Vremya" newscast]

[FBIS Translated Text] Our correspondent has just been told that, during the talks of the defense ministers of Ukraine, Russia, and the United States with President Leonid Kuchma, the sides agreed to hold trilateral Ukrainian, Russian, and U.S. military exercises. The Ukrainian president himself told journalists this after the meeting. The president as yet will not give any details about the planned exercises.

Kuchma Urged To Prevent Missile Silo Destruction

LD0401190096 Kiev UNIAN in Ukrainian 1745 GMT 4 Jan 96

[FBIS Translated Text] Kiev — A group of Ukrainian parliament deputies from different parties sent a letter to Ukrainian President Leonid Kuchma and Parliament Speaker Oleksandr Moroz on 3 January, asking them to "do everything possible to prevent the scheduled destruction of the missile silo." The deputies stressed: "Ukraine's renunciation of nuclear arms does not imply that the Ukrainian Government should cause economic, environmental, and military damage and undermine the country's national security by its rash actions."

The deputies said that the silos, estimated to be worth billions of dollars, may have a number of peaceful uses. They also highlighted the moral aspect of the problem, saying that the timing of the event, taking place during the [Orthodox] Christmas week, is "unpardonable hypocrisy."

The statement was signed by Ukrainian Republican Party Chairman Bohdan Yaroshynskyy; Ukrainian Conservative Republican Party Chairman Stepan Khmara; Taras Protsevyat and Mykhaylo Ratushnyy, deputies for the Congress of Ukrainian Nationalists; and seven non-party deputies.

Admiral: Ukraine Unprepared To Get Its Share of Fleet

LD0401185996 Moscow ITAR-TASS in English 1711 GMT 4 Jan 96

[By Boris Kipkeyev]

[FBIS Transcribed Text] MOSCOW, January 4 (ITAR-TASS) — The division of the Black Sea fleet between Russia and Ukraine would move at a faster pace if Ukraine was better prepared to accept its share, Russian Black Sea fleet deputy commander Vice-Admiral Gennadiy Suchkov said on Thursday.

Suchkov chairs the Russian side of the commission for the division of the fleet, part of which Ukraine had sought in earlier bitter controversy.

The fleet's press centre cited Suchkov as saying that the Ukrainian delegation to the commission is refusing to accept some ships and logistic sites "without explaining reasons." Suchkov said Ukraine had not sent crews to man search and rescue ships Taman and Baskunchak, which were to be handed over to Ukraine by December 30, 1995. There is simply no one to accept the two ships, Suchkov said.

According to the fleet's press centre, the Ukrainian authorities are not attending to the timetable of transfer

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of naval compounds ceded by Russia to Ukraine under earlier division accords.

The Ukrainian side of the commission accepted only 42 of 117 compounds earmarked for the transfer.

Meanwhile, the accords stipulate January 16 this year as the deadline for Russia's funding of the compounds bills and amenities.

Reports of Tightened Controls on DPRK Border Dismissed

LD0401184696 Moscow ITAR-TASS in English 1645 GMT 4 Jan 96

[By Vladimir Nadashkevich]

[FBIS Transcribed Text] MOSCOW, January 4 (ITAR-TASS) — Reports alleging that Russia has tightened border control on its border with North Korea have been dismissed by the Russian Border Guard Service, mildly speaking, as "not serious."

"We have no information whatsoever about 'mass exodus' of North Korean citizens, who suffered as a result of heavy floods and alleged to be dying of 'hunger and privations,' either to Russia or China," a spokesperson for the Federal Border Guard Service told ITAR-TASS.

He said that the border line between Russia and North Korea was a little over 16 kilometres long and that any mass exodus from North Korea might not have been left unnoticed.

Earlier reports which came from Seoul, Tokyo and a number of international experts said that the rains which continued in North Korea last summer and autumn had destroyed nearly half of grain harvest, which created critical conditions for the North Korean population. The country is presumably facing the danger of famine expected to begin by July.

However, the Russian Foreign Ministry said that according to information available, food reserves in North Korea are sufficient enough and that it has no information to believe that the situation in the country is critical.

Panov: DPRK Not Suffering 'Serious' Food Shortages

SK0401152796 Moscow Voice of Russia World Service in Korean 1200 GMT 4 Jan 96

[FBIS Translated Text] Russia's Deputy Foreign Minister Aleksandr Panov said that the DPRK is suffering from some difficulties due to last year's natural disaster, but there is no data reflecting that food shortages have emerged as a serious matter. He said the DPRK has not officially requested food assistance from Russia. He pointed out, however, that Russia has given aid in the form of food and daily necessities due to the flooding. Currently, the international community is continuing to give such assistance to the DPRK.

Panov pointed out that according to our data, the DPRK has satisfactory food stockpiles. He also said that if there is an emergency and there is an official request from the DPRK Government, we will help the DPRK. The Russian diplomat pointed out that not only will we supply food, but we are also willing to supply fuel.

Russian Humanitarian Aid Delivered To Baghdad

LD0401183996 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — Trucks with humanitarian aid from Russia arrived in Baghdad, Iraq, from Oman Thursday. By government order the operation was organized and conducted by the Ministry for Emergency Situations together with LUKoil corporation.

The ministry's press service informed INTERFAX the action had been requested by the United Nations due to shortages of medicines and baby food in Iraq.

A ministry plane flew 30 tonnes of medicines and gifts for children to Oman and trucks transported the aid to Baghdad.

Foreign Ministry Statement on Iraqi-Russian Talks

LD0401180196 Moscow ITAR-TASS World Service in Russian 1240 GMT 4 Jan 96

[By ITAR-TASS diplomatic correspondent Denis Perkin]

[FBIS Translated Text] Moscow, 4 Jan (ITAR-TASS) — "Moscow attaches great significance to political dialogue with Baghdad," according to a press release sent to ITAR-TASS today by the Information and Press Department of the Russian Foreign Affairs Ministry, in connection with the start of a visit to Baghdad by Deputy Foreign Minister Viktor Posuvalyuk. "This concerns a post-crisis settlement in the Persian Gulf, and also the prospects for resuming cooperation with Iraq when it emerges from sanctions and becomes a fully-fledged member of the international community."

The Russian diplomat will hold talks with representatives of the Iraqi leadership on sanctions issues and the way that the situation in and around Iraq is developing. As the Foreign Ministry says, "priority will be given to Baghdad's compliance with the disarmament demands contained in UN Security Council Resolution No. 687." Viktor Posuvalyuk will again stress

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the need for Iraq to continue working in a constructive vein with the UN special commission for destruction of its weapons of mass destruction and missile technology, and to fully close "all the remaining gaps in the disarmament process."

The talks will not pass by "such acute issues as Iraqi-Kuwaiti relations, discovery of the fate of missing Kuwaiti nationals, and the return of Kuwaiti property," the ministry's Information Department says.

Russian Specialists Inspect Iranian Nuclear Plant

LD0401152096 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — Russian specialists will conclude their inspection of the technical condition of the nuclear power station under construction in Bushehr (eastern Iran) at the end of this month, head of the public relations department of Russia's Atomic Energy Ministry Georgiy Kaurov told INTERFAX on Thursday.

The dismantling of obsolete equipment supplied by the German Siemens concern is taking place at the station now, he said. Siemens stopped construction works in Bushehr in 1979 at the German government's decision.

Russia plans to start delivering the necessary equipment to Iran in April or May to continue to build the nuclear power station, Kaurov said.

Russia and Iran signed a contract worth $800 million to conclude the construction of the nuclear power station in Bushehr last January. Their agreement provides for supplying equipment, fitting it and putting the 1st power unit with a light-water reactor of the VVER-1000 type into operation by the year 2000.

The station will have four power units: the 1st unit's capacity will be 1000 megawatts, and that of the 3rd and 4th units 440 megawatts. The capacity of the 2nd power unit has not been determined yet.

Problems connected with financing the Russian-Iranian nuclear contract and implementing it were discussed between Iranian leaders and Russian Minister for Foreign Economic Relations Oleg Davydov when he visited Tehran on December 26-29.

Nuclear Cooperation, U.S. Pressure Viewed

NC0501081996 Moscow Voice of Russia World Service in Persian 1600 GMT 4 Jan 96

[Commentary by Aleksandr Kushnir]

[FBIS Translated Text] Work to complete the Bushehr Nuclear Power Plant [words indistinct]. Speaking to scientists and experts of the Iranian Atomic Energy Organization, Iranian President 'Ali Akbar Hashemi-Rafsanjani said Iran [words indistinct] on the political struggle over the issue. Our commentator writes:

In the late seventies Germany's Siemens started to build the Bushehr Nuclear Power Plant. Later Siemens stopped work. In early 1995, Iran and Russia signed an agreement to complete the first block of the Bushehr Power Plant and delivery a light-water reactor, which does not manufacture [word indistinct] weapons. In September 1995, an agreement between Russia and Iran [words indistinct].

Russian-Iranian cooperation on the peaceful use of atomic energy is a serious issue in Russian-American relations. [Words indistinct] Washington strongly opposed the [words indistinct] for nuclear energy in Iran. The Americans alleged that the Bushehr Nuclear Power Plant would pave the way for Iran to manufacture nuclear arms and they said Iran was striving toward this end. Our country was pressured to stop implementing its agreements with Iran. But Moscow decisively stated that [words indistinct], especially with Iran a signatory of the Nuclear Nonproliferation Treaty and with no intention of leaving this Treaty. The International Atomic Energy Agency [words indistinct] does not (?oppose) Russia's decision to set up a nuclear power plant in Iran. Thus the [word indistinct] of the Russian-Iranian agreement on manufacturing atomic energy was implemented.

Some 26 Russian-built atomic reactors are operating in 10 countries. Power generators in (?Slovakia), [word indistinct], and Cuba are being completed. Discussions are being held to choose sites for nuclear power plants in China and India. Orders for nuclear reactors have been received from Turkey, Pakistan, Egypt, and Indonesia. This information was provided by [Eduard Akapyan], an official at the Russian Atomic Energy Ministry, at a news conference in Moscow.

The facts show that America's efforts to obstruct the delivery of Russian nuclear reactors to Iran are only [words indistinct].

Military Dimension to 'Herring War' With Norway Viewed

MM0401152996 Moscow KRASNAYA ZVEZDA in Russian 4 Jan 96 p 3

[Report by Vladimir Gundarov: "Serious Discussion 'Over Herrings.' Norway Embarks on Open Expansion in Fishing Policy"]

[FBIS Translated Text] Arkhangelsk and Murmansk fishermen have started talking about a "herring war" with Norway after that country's ministry of fisheries

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established the herring quota for its fishermen for 1996 as 705,000 tonnes, thus increasing it by 115,000 tonnes in comparison with 1995. The Russian fishermen's quota has been established as only 125,000 tonnes. This is despite the fact that the reserves of fish in the northern seas are considered to be common Russian-Norwegian property, since the shoal sometimes lives in the Russian economic zone, and sometimes in the Norwegian economic zone.

For 26 years, from 1967 to 1993, Russian fishermen voluntarily (in order to reestablish the herring shoal in the northern seas) abstained from fishing for herring, but the Norwegians continued to do so. According to Grigoriy Tishkov, general director of the "Sevryba" joint stock company, who recently returned from talks in Norway, our neighbors feel that Russia is currently poor and ailing. Therefore they are no longer standing on ceremony with us....

The leaders of the fleets of the northern seas have started to elaborate joint retaliatory measures, the essence of which is to gradually wind up cooperation with the neighboring country. In particular, the fishermen intend to stop selling fish to Norway. And after all, our neighbors earned around 1 billion Norwegian kroner in 1995 alone from processing and reselling it to European countries. The number of calls by Russian ships at Norwegian ports may also decrease sharply. And after all thousands of jobs were created just to service them here. Other retaliatory measures are also envisaged.

But what if Norway still does not want to take Russia's interests into account? Then the option of using the sides' military presence to settle the conflict cannot be ruled out. Remember, our northern neighbor has been a member of NATO for a long time. Its activity in NATO has increased considerably in the past two years. The advantage of being in this alliance is obvious: With a weakened Russian naval grouping in the north, the Norwegian military presence in the region is increased. For the first time since the formation of NATO, the Norwegian Storting has adopted a decision to conduct military exercises in the border province of Finnmark in direct proximity to the border with Russia. This most likely testifies to the fact that the Norwegian parliament is no longer afraid of commensurate military actions in the Russian border zone. According to Admiral Oleg Yerofeyev, commander of the Northern Fleet, the number of naval exercises in the Barents Sea in Norway's zone of responsibility has increased by 50 percent in the past year, and the number of ships participating in them has more than doubled. What will stand in the way of the Norwegian side increasing the number of its naval exercises in its economic zone, which will apparently coincide in terms of time and place with fishing activity by Russian ships? Evidently only the presence of ships from the Northern Fleet, despite the fact that its fleet forces have decreased significantly in the past four years....

Karasin on Russia's Presidency of UN Security Council

LD0401162096 Moscow ITAR-TASS in English 1430 GMT 4 Jan 96

[By Viktor Khrekov]

[FBIS Transcribed Text] MOSCOW, January 4 (ITAR-TASS) — Russia's U.N. Security Council month-long presidency, which ended on December 31, 1995, was notable for the adoption of a "number of important decisions," Russian Foreign Ministry spokesman Grigoriy Karasin told ITAR-TASS on Thursday [4 January].

Karasin said the decisions concerned in particular the launch of a Bosnia peace implementation operation by a multinational force, the elaboration of a concept for the forthcoming U.N. peacekeeping operation in Eastern Slavonia, problems brought on by violations of humanitarian law and human rights in the former Yugoslavia, and an extension of the mandate of the U.N. observer mission in Tajikistan.

In addition, the Council adopted decisions on Angola, the Western Sahara, and Rwanda, and considered a report by the Special Commission on Iraq and other important problems that were on the Council's agenda, Karasin said.

The Russian delegation devoted special attention to contacts with a wide circle of U.N. member nations that are not members of the Council, Karasin pointed out.

The U.N. community highly appreciated the holding of regular briefings by Council president for the delegations of U.N. member nations and for the media.

Karasin expressed an opinion that Russia's U.N. Security Council presidency made it possible to contribute tangibly to projecting Russia's image as a key U.N. member which rightfully holds the seat of permanent member of the Security Council.

Council president duties are performed alternately by the Council's 15 member-states. Along with permanent members of the Council — Russia, the United States, China, France, and Britain — those functions are also discharged by ten other countries which are elected to the Council for a term of two years.

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Russia To Launch 10 Foreign Satellites in 1996

LD0501123296 Moscow INTERFAX in English 1014 GMT 5 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 5 (INTERFAX) — This year Russia will launch some 10 foreign satellites on commercial contracts, sources at the Russian Space Forces' press center told INTERFAX.

It is planned to launch a U.S. FAISAT-2 communications satellite and a German communications satellite on a Russian Cosmos-3M rocket booster from the Plesetsk space center of Russia's Arkhangelsk region. An Interball-2 scientific satellite with two sub-satellites (the Czech Magion-5 and the Argentinean MSat) will be launched from the space center in the third quarter of 1996. In August a Bion #11 spacecraft will be launched from the Plesetsk space center on a two-week flight as part of a Russian-U.S. medical-biological program.

The second Ukrainian oceanographic spacecraft CITCH-2, with a Chilean FASat-Bravo sub-satellite, will be launched from Kazakhstan's Baykonur space center by the Russian Space Forces in mid-1996.

The Russian Space Forces will also launch several foreign spacecraft as part of a commercial program worth more than $1 billion signed by the Khrunichev state space center for a period till 2001. On March 28 the Space Forces will launch a geo-stationary communications satellite, Astra-1F, of the European Society of Satellites. In June they will launch the Tempo-1 communications satellite of the U.S. loral company; in the third quarter a Proton rocket booster will launch an Inmarsat-3 satellite of the Inmarsat International Maritime Communications Satellite Organization and an Echostar-2 TV satellite of the U.S. echostar Communications Corp.

Military spacecraft will be launched as well, including a Cosmos satellite to be put into the orbit on January 16 from the Plesetsk space center.

Ex-KGB General on Collaboration With Polish Officials

MM0501085696 Moscow IZVESTIYA in Russian 5 Jan 96 p 3

[Report by Leonid Mlechin: "Peculiarities of Hunting With Russian Agent"]

[FBIS Translated Excerpt] Polish Prime Minister Jozef Oleksy still thinks that everything will sort itself out, that Sejm deputies will investigate and lift the charges against him of cooperating with Russian intelligence, and that he will return to his beloved job. But he may be mistaken. [passage omitted]

Needless to say, in the past in Poland (and some other socialist countries), friendship with Soviet intelligence officers not only was not a crime, it was on the contrary indispensable for a successful political career.

In Moscow I spoke to Lieutenant General, Retired, Vitaliy Pavlov, who was for 10 years in charge of the USSR KGB mission in Poland.

"When he received me before my departure for Poland," Gen. Pavlov recalled, "Andropov said: 'You must know everything that goes on there. But you have no right to engage in agent operations. Or any recruiting or conspiratorial activity....' A dossier, a file of documents was compiled on an agent, on anyone with whom we cooperated. And since there are no documents, there was no agent...."

Even if that is true, in actual fact there was no need to formally legalize the cooperation! The highest-ranking Polish politicians, starting with Politburo members, told KGB representatives everything that was of interest to Moscow. They would just not line up to be the first to be able to tell Moscow's agent the latest information. But each would present him with their own offering on their own and say "Thank you"....

"They were very frank," Gen. Pavlov said. "Many of my interlocutors thought that close ties with the KGB's representative would improve their position in Warsaw. At critical moments certain members of the Polish United Workers Party [PZPR] Central Committee Politburo asked me to arrange for them to have a direct conversation, using high-frequency channels, with the KGB leadership."

Jozef Oleksy worked at the PZPR Central Committee, he was first secretary of a voivodship party committee. There is nothing surprising in Oleksy being frank during his conversations with Moscow intelligence personnel since he realized how important it was to make a good impression on them. [passage omitted]

For Russia this entire saga is lamentable in that the furor over Oleksy has once again reminded the Poles of the times when they had to toady to Moscow's representatives.

At our embassy in Warsaw I was told with regret:

"There are too many people in Poland who remember everything. When will a generation finally come along that treats us like all Poland's other neighbors?"

Clearly, the Poles are extremely sensitive about their past. First, they are constantly reminded about the past, as they have been for instance with this Jozef Oleksy case. Second, there are things that evidently cannot be forgotten — Katyn, for instance.

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Ambassador to PRC Views Relations

MM0401165896 Moscow TRUD in Russian 4 Jan 96 p 4

[Interview with Igor Rogachev, Russian ambassador to the PRC, by own correspondent Dmitriy Privalov in Beijing; date not given: "Great Wall of China Moving Closer to Kremlin Walls"]

[FBIS Translated Text] Beijing — [Privalov] Igor Alekseyevich! Every ambassador has a dual task — representing and defending his country's interests in the host state, and doing everything possible to improve and develop bilateral relations. What have you done that you feel most satisfied with?

[Rogachev] The most important thing is that in recent years, through the efforts of the two states' leaders, diplomats, and specialists, it has been possible to establish a strategic course of building relations based on friendship, good-neighborliness, mutual respect, and mutually advantageous cooperation. This has been, as it were, the logical conclusion of a protracted quest and "zigzagging" from military-political alliance to almost total alienation. The peoples of both countries have truly suffered to achieve our present relations.

Intensive political dialogue is under way at all levels. Last year the PRC was visited by around 120 high-level Russian delegations. Russia was visited by Jiang Zemin, president of the PRC and general secretary of the CPC Central Committee, Li Peng, premier of the PRC State Council....

Strengthening of the legal infrastructure of bilateral relations has continued — 12 interstate and intergovernmental agreements have been signed, and a further 20 or so interdepartmental agreements. Among these documents I would single out the treaty on the extradition of criminals and the agreement on the joint construction of a bridge across the Amur River.

An important event in 1995 was the entry into force of the agreement on the western sector of the Russian-Chinese border. Together with the 1991 agreement on the eastern sector, this means that for the first time in our countries' history the entire length of the 4,300-km border has been enshrined in legislation.

Work on a major package of documents for the Russian president's upcoming visit to the PRC has been completed. They include an agreement without precedent in world practice on confidence-building measures in the border region, which will be signed by the leaders of five states — Russia, China, Kazakhstan, Kyrgyzstan, and Tajikistan.

In short, a firm foundation is being laid for stable relations for many years to come. We are seeking to ensure that friendship and cooperation are not in any way susceptible to changes in the two countries.

Here is one more fact that is of considerable importance. In my view, Russians unfortunately still know little about life in China — chiefly through the fault of the Russian mass media. During my recent trip to Moscow I discovered to my chagrin that, for instance, the Russian audience receives more information about the Republic of South Africa than it does about our eastern neighbor. Yet in order to realize the entire huge potential of Russian-Chinese relations, we must above all know each other well.

[Privalov] Have you ever met with Deng Xiaoping? When was this? What were your impressions?

[Rogachev] Back when I was a counselor at the Soviet Embassy to the PRC in 1958-1961, I often had to work as a translator for high-level delegations. At various receptions attended by representatives of the Chinese leadership I also had meetings with Deng Xiaoping. He gave the impression of a lively, interesting interlocutor and was notable for his excellent memory. After that I met him in 1964, and my next meeting was 25 years later. Despite the interval of one-quarter of a century, Deng Xiaoping recognized me and warmly greeted me. We are now in regular contact with Xiao Rong — Deng Xiaoping's daughter. She attends protocol events at the Russian Embassy and always conveys greetings from her father. We respond in kind, of course....

[Privalov] In your view, what elements of Chinese experience appear most useful to our compatriots and, most importantly, applicable in Russian conditions?

[Rogachev] For all the existing differences, study of one another's experience can be of appreciable mutual benefit. Take, for instance, the Chinese experience of creating jobs for the unemployed by encouraging small and medium business, of organizing wholesale trade, and of managing state property.

For several years running the PRC has held second place in the world in terms of attracting foreign capital, coming behind only the United States. This year alone direct foreign investments in the PRC economy reached $30 billion, and over 100,000 enterprises in which foreign capital has a stake are operating in the country. It has been possible to achieve success by preparing the legislative base and infrastructure. But nevertheless the most important thing is foreign investors' confidence in China as a stable and reliable partner.

Today Russia and the PRC have embarked on reforming the mechanism for bilateral trade and economic cooper-

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ation. It is a question of gradually switching from barter to payments in hard currency. In 1995 it was possible to slow the slump in trade, and on the basis of last year's results we are hoping for a 10-percent increase in trade turnover.

We are working on creating a reliable banking infrastructure and a modern form of payment relations and legal settlement of trade disputes. Without this it is impossible to implement new joint projects — for instance, the construction of major power industry facilities in the PRC, including nuclear power stations, the construction of pipelines for the transportation of oil and gas across PRC territory, and the transfer of electricity from East Siberia. Russian business circles are interested in taking part in constructing the "Three Gorges" hydraulic engineering project, the world's biggest, and have already created a special consortium for this. All these projects will form the foundation of our cooperation with China at the start of the 21st century.

[Privalov] Judging by letters from our readers and reports in some of the mass media from the Far East, a section of the public is feeling concern at the growing infiltration of Chinese citizens across the Russian border. How justified are these concerns?

[Rogachev] First of all let us accurately identify the problem. It is not a question of infiltration by Chinese citizens (they are entering our country perfectly legally) but of the fact that some of them are illegally settling in Russia. It is foolish to deny this phenomenon, but the ballyhoo over it is to a large extent being created artificially. According to the results of the operation code-named "Foreigner" recently carried out in our Far East, just a few thousand of these "illegals" from China have been discovered. Having said that, in recent years there have been massive violations by PRC citizens of Russia's passport and visa rules. Here is an example. During a check in the city of Ussuriysk in September around 2,000 Chinese citizens were found to be in breach of the rules, most of them with expired visas.

But sometimes our own organizations invite workers from the PRC without weighing up all the pros and cons, or, even worse, trade in invitations to work. Such cases leave no one indifferent, and measures to impose order are being taken on both our side and the Chinese side.

Given a sensible and balanced approach, the benefits from the export of manpower from China to Russia could be considerable — the Chinese are quite good vegetable growers and construction workers, and in general are a very undemanding and industrious people. The assistance of Chinese workers could be extremely useful for many Russian regions suffering from an acute shortage of manpower resources. But the entire process must without fail proceed within the framework of the law. Then there will be no grounds for all kinds of fantasies.

[Privalov] What does the Russian ambassador to China do in his leisure time?

[Rogachev] I play tennis whenever I get a spare minute. I regard it as simply fantastic luck if I manage to get out to somewhere in the hills around Beijing at the weekend. I try to follow the cultural life of the Chinese capital. Concerts of Russian popular songs attracted full houses just recently in Beijing. And the performances of conductor Vladimir Ryulov are currently a great success in Beijing. I have noticed that the Chinese still have a deep-seated, emotional yearning for Russian culture and art.

[Privalov] What would you like to wish our readers in the New Year?

[Rogachev] As the Chinese say, "oceans of happiness and mountains of prosperity"!

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Political Issues

Yeltsin Accepts Kozyrev's Resignation

LD0501141696 Moscow ITAR-TASS World Service in Russian 1401 GMT 5 Jan 96

[FBIS Translated Text] Moscow, 5 Jan (ITAR-TASS) — Russian President Boris Yeltsin signed an edict today releasing Andrey Kozyrev from the post of foreign minister in connection with his election as deputy in the State Duma, the presidential press service told an ITAR-TASS correspondent.

Forty four year old Andrey Kozyrev has headed the foreign policy department since October 1990.

Deputy Premier Shakhray Resigns

LD0501093296 Moscow ITAR-TASS in English 0926 GMT 5 Jan 95

[FBIS Transcribed Text] MOSCOW January 5 (ITAR-TASS) — President Boris Yeltsin accepted the resignation of deputy premier Sergey Shakhray, who has been elected to the State Duma and cannot combine a parliamentary mandate with a government portfolio, the presidential press service said on Friday.

Shakhray's resignation offer was approved by Yeltsin and Prime Minister Viktor Chernomyrdin at their Thursday [4 January] meeting.

Yeltsin, Filatov Review Current Developments

MM0501085896 Moscow ROSSIYSKIYE VESTI in Russian 5 Jan 96 p 1

[Unattributed report from the "President" column: "Regions At Center of Attention"]

[FBIS Translated Text] Boris Yeltsin yesterday discussed the results of the State Duma elections and the problem of forming the Federation Council with Sergey Filatov, leader of the Presidential Staff. They also discussed federal structures' activities in the regions. The head of state instructed his "chief of staff" to improve the work of the institution of Russian Federation presidential representatives at local level and to formulate specific proposals up to and including the replacement of those incapable of working under present-day conditions.

Moreover, the parties summed up the results of the Russian Federation Presidential Council for Local Self-Government session held 28 December with Sergey Filatov in the chair.

Yeltsin, Shumeyko Discuss Upper House Agenda

LD0401150796 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — Russian President Boris Yeltsin and Speaker of the Federation Council (upper house) Vladimir Shumeyko met on Thursday to consider some of the issues the upper house is expected to discuss as part of its Friday [5 January] agenda, Yeltsin's press office said.

Yeltsin Meets Communications Head; To Meet Tatar President

LD0501121496 Moscow INTERFAX in English 1014 GMT 5 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 5 (INTERFAX) — Russian President Boris Yeltsin received director of the Federal Agency of Government Communications and Information Aleksandr Starovoytov Friday, presidential spokesman Sergey Medvedev said.

Gen. Starovoytov informed the president of ways to ensure security of automated control systems used in critical technologies of the Russian economy. He told the president that resolutions of the Commonwealth Coordinating Council aimed at well-protected interstate communications systems had been fulfilled.

Today Yeltsin will also meet President of Tatarstan Mintimer Shaymiyev to discuss results of the Duma elections in the Russian republic. The president will inquire about the social and economic situation in Tatarstan.

Yeltsin and Shaymiyev may also focus on ways to organize the work of the Russian parliament's upper chamber, said Medvedev.

At 1:30 p.m. the president will attend a New Year children's performance at the Kremlin Palace. He will meet the children's parents and discuss child-related social and economic problems with them.

Luzhkov Applauds Results of Meeting With Yeltsin

MK0401143296 Moscow MOSKOVSKAYA PRAVDA in Russian 30 Dec 95 p 1

[Interview with Moscow Mayor Yuriy Luzhkov by Nina Batalova: "Yuriy Luzhkov: 'All Politicians Ought To Get Down to Helping People Reconstruct Their Lives'"]

[FBIS Translated Excerpt] [passage omitted]

[Batalova] Yuriy Mikhaylovich, your meeting with the president took place in the final days of the passing year. What subjects did it touch upon and what importance

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in principle do you think it might have for realization of the programs carried out by the city government?

[Luzhkov] The meeting continued an hour and a half at a very tense pace as far as its workload was concerned, without any pauses. Naturally, we discussed various aspects of the city's life. Particular attention was devoted to the State Duma elections, in which Moscow adopted a dissenting stance. The president objectively assessed the results of the elections, including in terms of the results achieved by the "Russia Is Our Home" movement. The outcome of the elections shows that there can be no euphoria of victory or feeling of satisfaction. Rather, these results can be compared to one's stay in a critically dangerous area, so we need to make much effort so that the current policy can win the genuinely deserving support of voters. [passage omitted]

[Batalova] The election results were only a part of your conversation with the president, weren't they?

[Luzhkov] The second group of matters under discussion concerned specific problems of the city's life. First of all, housing construction, the razing of [Khrushchev-era] five-story buildings. Actually, this idea originated with the president. He was very eager to learn how things are going in the capital and promised to visit some construction sites in the very near future.

Next year plans call for commissioning 4 million square meters of housing in the city — of them, 1 million will be at the expense of razing the five-story buildings. But we had to raise a question with the president that requires an urgent solution. If we are to increase the pace of housing construction, to develop our building materials industry, and to create jobs, it is urgently necessary to abolish the value-added tax on housing construction. You need not even prove the absurdity of this tax, which was born in Mr. Chubays' office, the Economy Ministry. This means smashing with a sledgehammer the very possibility of providing people with municipal housing not only in Moscow, but throughout Russia. I think that these actions are meant deliberately to harm the creative process that is just beginning in the state. As if this were not enough, they are economically illiterate. This is disgusting in social terms with respect to people who have to live in the most difficult conditions. The president showed understanding for this stance of ours. [passage omitted]

[Batalova] Yuriy Mikhaylovich, one can say that debts are being repaid to the city. But are they repaid fully, as should be done on New Year's eve?

[Luzhkov] Debts were yet another subject of our conversation with the president. The federal authorities have not yet paid Moscow for erecting a monument on Poklonnaya Hill; for this reason the construction of a settlement for victims of the Chernobyl accident in Bryansk Oblast has been put on hold, the debts for the Pashkov House [housing the State Russian Library], Budennovsk, and the construction of the metro are long overdue. Meanwhile, these are all projects of federal importance. To say nothing of the fact that the preparations for celebrating Moscow's 850th anniversary are receiving nearly no funding from the federal budget.

I think that my meeting with the president on New Year's eve and the understanding he showed for the problems facing Moscow will yield the desired result. And that Muscovites will work hard to rebuild their city. I wish us all a good and creative New Year.

Formation of Financial Communications Network Sped Up

LD0401192396 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX-FIA) — President Boris Yeltsin has signed a decree to speed up the formation of a nationwide financial and stock market telecommunications network.

According to the presidential press service, the decree develops an earlier decree on the formation of a government-controlled network for financial settlements and transactions in the stock market.

Russian and foreign investors were to be attracted to the project.

The latest decree instructs the cabinet to appoint the designers' and technical councils of the Russian Financial and Stock Communications Fund set up in keeping with the July 1995 decree. Leading Russian experts in the sphere are to be on both councils.

Tax System for Small Businesses Simplified

LD0401203696 Moscow INTERFAX in English 1932 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (FIA-INTERFAX) — Russian President Boris Yeltsin signed a federal law on December 29, 1995, simplifying the system of taxation and allowing small businesses to pay one single tax instead of the present numerous taxes.

The presidential press office told INTERFAX's Financial Information Agency Thursday that under the Law "On a Simplified System of Taxation, Accounting and Reporting for Small Businesses," small businesses will pay 10 percent of the total revenue to the federal budget and not more than 20 percent (in total) to local and regional budgets.

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If gross income is taxed, 3.33 percent of it goes to the federal budget and not more than 6.67 percent to the local and regional budgets.

To shift to the new system of taxation, small businesses must obtain a special patent authorizing their involvement in concrete business activities.

The law allows individual entrepreneurs, who carry out their business activities without forming a company, to pay a single tax as an annual charge for a similar patent.

Yeltsin Calls Renovated Moscow Road 'Miracle'

LD0401161996 Moscow ITAR-TASS in English 1558 GMT 4 Jan 96

[By Andrey Surzhanskiy and Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, January 4 (ITAR-TASS) — President Boris Yeltsin called the reconstruction of a 20-kilometre stretch of the Moscow circular motorway, which was launched today in a ceremony, a project of Moscow and Russia-wide scale.

Yeltsin and Moscow Mayor Yuriy Luzhkov attended the launching ceremony today.

Presidential press secretary Sergey Medvedev said the construction work to establish a mid-road barrier and adequate illumination on the 109-kilometre circular road was completed in 1994.

In 1995, the 20-kilometre stretch of the road between the Kashirskoye and Volgogradskoye motorways intersecting it was reconstructed, with broadening it to four lanes.

The project of further renovation, in 20-30-kilometre segments, is to be finished by 1998.

The reconstruction project was discussed by Yeltsin and Luzhkov during their meeting on November 11.

The amount of reconstruction done so far has been some three million cubic metres of earth work, renovation of some 100 kilometres of service lines, the setting up of three new traffic control posts, 12 above-ground passes and 15 bus stops.

Yeltsin stressed that the circular road requires a network of public amenities from camping sites to hotels to snack bars to filling stations.

He described as "another miracle" the renovation of the 20-kilometre stretch within ten months.

Luzhkov, who also addressed the inauguration meeting, said the Moscow city government set before constructors the task of reconstructing another 22 kilometres of the road between Profsoyuznaya street and Rublyovskoye motorway, with a network of amenities.

Before the launching ceremony, Yeltsin and Luzhkov had a look at one of the new three traffic posts. They were shown its computer equipment, traffic monitors and the work schedule of traffic police.

Traffic inspectors presented batons to Yeltsin and Luzhkov.

Chernomyrdin Meets With Zyuganov, Zhirinovskiy

LD0501113696 Moscow ITAR-TASS in English 1054 GMT 5 Jan 96

[FBIS Transcribed Text] MOSCOW January 5 (ITAR-TASS) — Russian Prime Minister Viktor Chernomyrdin met Communist leader Gennadiy Zyuganov on Friday whose party enjoyed the major success at parliamentary elections and ensured itself over a third of seats in tht State Duma.

Chernomyrdin's spokesman Viktor Konnov told Tass that the premier had also met with the nationalist leader of the Liberal Democratic party (LDPR) Vladimir Zhirinovskiy on Thursday [4 January] whose party was the second after the Communists.

Konnov did not comment on the meeting with Zhirinovskiy only saying it was a "similar planned working meeting" as with Zyuganov. The premier discussed with the Communist leader "a wide range of problems, including the social and economic situation in the country", he added.

Konnov said nothing about a possible offer of government portfolios to Communists and nationalists. Earlier Chernomyrdin did not rule out such a possibility.

On Thursday Chernomyrdin met President Boris Yeltsin to discuss personnel issues and the organisation of the future work of the State Duma. No details were disclosed, apart form the dismissal of deputy premier Sergey Shakhray, who resigned after winning a seat in the State Duma.

Zyuganov's communists won 22.3 per cent of support at the Duma elections, the LDPR was the second with 11.2 per cent, the Russia is Our Home bloc of Chernomyrdin won 10.1 per cent and the liberal reformist Yabloko bloc of Grigoriy Yavlinskiy ended the race with 6.8 per cent.

Yeltsin 'Increasingly' Pondering Presidential Race

LD0501112496 Moscow ITAR-TASS in English 1115 GMT 5 Jan 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] MOSCOW, January 5 (ITAR-TASS) — President Boris Yeltsin "increasingly" ponders over a question of whether to run for the second

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term of the presidency or not. He said this on Friday, speaking near the Grand Kremlin Palace with parents of children who participated in New Year festivities there. The chief executive noted that he feels well and increases his workload.

On the other hand, the president told his aides a few days ago that he would announce his intention about joining the presidential race in February.

Communists Likely To Nominate Zyuganov

LD0401154896 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — The plenum of the Communist Party of Russia Central Executive Committee will probably recommend to nominate the party's leader, Gennadiy Zyuganov, as a candidate at the upcoming presidential elections, party member and Chairman of the State Duma Committee on Security Viktor Ilyukhin said in an interview with INTERFAX Thursday.

"A candidate to the presidency should be a man with a Russian surname and with an open Russian face, because only such a man is able to unite all of Russia's peoples and nationalities," Ilyukhin said.

A candidate to the presidential post "should not study or work abroad for a long time" because "foreign special services actively work with the group of people who promise well to become prominent politicians."

Mikhail Gorbachev cannot claim for the post of Russian president, Ilyukhin believes, because he is "a political corpse." Currently Gorbachev "should think not how to take the chair of the Russian president but how to soften his fate at his tribunal for the collapse of the Soviet Union," according to Ilyukhin.

He has also a "negative attitude" towards the candidacy of Nikolay Ryzhkov, the next to last prime minister of the Soviet Union. "A candidate to the presidency should be a man who has never worked either in the previous or in the present Russian governments and was not burdened by the load of mistakes, or deliberate actions, which sometimes are of a criminal nature," Ilyukhin said.

Ilyukhin refused to comment on a report that several left-wing parties and associations believe that his (Ilyukhin's) candidacy is the most appropriate one to be nominated at the presidential elections. The Public Committee for Lawfulness and Democracy reported in its press release that this decision was adopted at the meeting of representatives of Labor Russia, Russian Communist Working Party, Front of National Salvation, Russian Popular Union, Revival Party and the women's movement Mothers for Social Justice.

Group Nominating Petr Romanov Registered

LD0401191296 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — The central electoral commission on Thursday registered an initiative group for the nomination of Federal Council member Petr Romanov as a presidential candidate.

As of the moment of registration the initiative group is empowered to start collecting signatures to support the candidate. Under the law a presidential candidate is allowed to take part in the election if no less than 1 million signatures in his support have been collected.

The central electoral commission postponed the examination of the application filed by another initiative group until a later date due to certain technical flaws. That group declared its intention to nominate pensioner Vladimir Voronin, chairman of the all-Russian union of share-holders of the Tibet pyramid-type concern.

New Duma, Presidential Prospects Viewed

MM0401125996 Moscow ROSSIYSKAYA GAZETA in Russian 4 Jan 96 p 2

[Article by political scientist Aleksey Kiva under the "Political Prediction" rubric: "'They Shall Not Pass!' No Inclination To Man the Barricades"]

[FBIS Translated Text] For people of democratic views and for all Russian patriots in the true sense of the word, the year 1995 went in distinct phases. White, black, dim, indistinct. On the one hand the Chechen tragedy; the increasingly frequent natural disasters, plane crashes, and industrial accidents; the flourishing criminal world; the democratic intelligentsia's move into opposition to the democratic authorities.... On the other hand, for the first time in many years an economic revival began, and financial stabilization became perceptible in everyday life.

You Cannot Help Remembering Khrushchev

For quite a long time now I have been going to the small-scale wholesale market on Novoslobodskaya Street, and the prices of most goods have remained the same. And there is no urgent desire to get rid of "wooden" rubles (which, in fact, have not been regarded in that way for a long time now) or to rush to withdraw money from savings books.

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Opponents of the reforms, whiners, skeptics, and politickers constantly talk about the collapse and disintegration of anything and everything, the approaching apocalypse. At the same time we are constantly hearing of the advent of new models of civilian and military technology that are far superior to their predecessors, including aircraft and missiles. We hear that our weapons are conquering new world markets, and nowadays we sell them, rather than handing them over on "eternal credit," as in Soviet times, or distributing them to the "fraternal countries."

All the same, when I think about the past year, I cannot help remembering the bust of Nikita Khrushchev executed in black and white tones by Ernst Neizvestnyy. Successes and failures certainly did alternate. We failed to convince the democratic intelligentsia that we have not yet finally won the fight against totalitarianism and that therefore incautious criticism of the authorities and the reforms — although the authorities do make mistakes and the reforms are far from perfect — actually plays into the hands of the forces of totalitarianism. As was confirmed in the elections.

A strategy built on relentless criticism of the authorities, cynical exploitation of the difficulties that are common to all the postsocialist countries, and a demagoguery that sometimes goes beyond all bounds of decency proved to be a real find for the Zyuganovites and Zhirinovskiyites, but disastrous for the blocs of Boris Fedorov, Gavriil Popov, Konstantin Borovoy, and indeed all the others who consider themselves democratic. I am sure that Grigoriy Yavlinskiy owes the relative success of the "Yabloko" bloc not to crushing criticism of the authorities, nor to the unsophisticated campaign slogan "We are on the way to stop disintegration," but to the illusion that he created in the public mind concerning the benefits of implementation of the "500 Days" program.

It proved impossible to prevent fragmentation in the democrats' camp. It proved impossible to realize the idea of creating two strong blocs of reformist forces with a view to forcing antidemocratic parties onto the sidelines of political life. The idea was a good one, but too simplistic. What is most regrettable is that, not for the first time, certain forces are making a substantial section of the politically inexperienced democratic intelligentsia serve interests that are not its own, frequently for base purposes. The means used include the spreading of myths to the effect that: a) the threat from the communists is imaginary; b) the present authorities are the same old communists and the only fundamental difference between them and the Zyuganovites is that the former are already in power, while the latter are hungry for power; c) Gennadiy Zyuganov is actually a social democrat anyway; and d) a rapprochement is taking place between the CPRF [Communist Party of the Russian Federation] and the NDR ["Russia Is Our Home"].

What lies behind all this? It is said that Yavlinskiy's supporters have an interest in disinformation of this kind. They must prepare the ground for a possible alliance with the Communists in the contest for the presidency. The near future will show whether or not that is so. At all events, the "Yabloko" leaders have stressed repeatedly that they would run independently in the parliamentary elections, but as part of a broad coalition in the presidentials. Although Yavlinskiy's latest statement rules out the very idea of an alliance with the Zyuganovites.

And perhaps the most important point: In the past year it did not prove possible substantially to improve people's lives, although it is officially claimed that the number of Russians below the poverty line is steadily falling. It did not prove possible to achieve a breakthrough in the fight against crime. And to this day there are no effective laws for combating it.

1996: The Year of the End of the Crisis, or the Start of a New Time of Troubles?

Clearly, politically speaking the new year will be defined largely in terms of two closely interconnected events: the formation, on the basis of the results of the recent elections, of the State Duma as well as the Federation Council, and the presidential elections. Let us begin with the former.

As far as the future Duma is concerned, the distribution of forces within it can only be glimpsed on the basis of a rough calculation. However, what is not entirely clear is: a) the political hue of the independent deputies, of whom there are about 80; b) the future composition of the parliamentarians of democratic or other orientations who are present in twos, threes, or even singly from numerous parties and blocs; c) the political face of the Agrarians, who did not get in on the party list but did get in, in considerable numbers, in single-seat districts. One can only speculate about who will become speaker and how the relationships will develop between the major factions, in particular between "Yabloko" and the NDR. As for how smoothly and quickly the formation of committees and other working bodies of the Duma will take place and how soon they will get down to work — if they get down to work at all before the presidential elections — there is no telling.

Though not much can be said about the strategy and tactics of the leading Duma forces yet, either. Nonetheless, let us talk about it a bit, make some guesses, and

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think about it. The basic line of confrontation will undoubtedly be between the Communists and their allies and fellow travelers on the one hand, and the NDR and its supporters on the other.

But all this will be subject, in one way or another, to the main objective — the contest for the presidency. Whatever tactics will do most to promote this, those are the tactics the Communists will choose. But their tactics will also depend on what actual weight they will have in the Duma in the event. Here are the three possible scenarios for the Communists' actions, as I see them.

First scenario. The Communists demand not only the departure of the figures they hate from Viktor Chernomyrdin's government, but also the vacating of the key posts [as published; possibly misprint for "the key posts thus vacated"]. For instance, the posts of the power ministers and of the vice premier responsible for the economy. Plus control over the state mass media, which would come in very handy indeed for them on the eve of the presidential elections. Naturally, nobody is going to give them that, nor will they expect it.

But let us suppose that the Communists were offered all the posts they demanded. In that case they would undoubtedly refuse them, on some pretext or another. Because it is to their advantage to remain aloof from the real work, responsible for nothing, but criticizing any positive work by the reformers. Any work that is at odds with the communist utopia and that leads the country increasingly surely onto a footing of normal development as it exists worldwide.

Second scenario. The Communists choose tactics aimed at hampering the normal work of the government, undermining it. There could be all kinds of reasons for this. First, stabilization in the country is not to their advantage on the eve of the presidential elections. Second, they might see V. Chernomyrdin as the most competitive candidate for the presidency. Third, they will simply be following their favorite tactics: "The worse things are, the better," tactics that proved themselves so well in the period of the October coup.

Third scenario. The Communists act particularly aggressively. In addition to the above, there is a demand for impeachment of the president. They could begin with yet another collection of signatures, or an attempt to amend the Constitution. For instance, either abolish the post of president entirely, or else have him elected not by the whole people, but by parliament. Weighty reasons for such tactics could be found in, on the one hand, increased chances of Boris Yeltsin's being elected president for a second term, or on the other hand, a lack of confidence that the Communist Party's presidential candidate would win the people's trust.

The Stake Is Higher Than Life, But Not Higher Than Our Politicians' Ambitions

The question of who will be president for the next four years is, without exaggeration, a question of choosing this or that path of development. Especially when the composition of the State Duma is as complex as it is now. Let us imagine for a moment that a Communist becomes president. Obviously a plenum of the Communist Party Central Committee or an extraordinary congress would immediately be convened, and it cannot be ruled out that it would raise the question of seizing power and instruct the president to "obey strictly." And discipline among them is not like it is among many of our democrats, who have their heads in the clouds and dream serenely of planting a model democracy on Russian soil. So that would start the ball rolling, as the saying goes. And how it would all end, God only knows.

Whatever disappointments various democratically minded people may have felt in the election results, they showed what people are worth. Those leaders whose parties and blocs failed to get into parliament have proved, to put it mildly, worthless. Only great personal bravery will allow them to seek the presidency. Yavlinskiy is also in a difficult position. About a month ago, speaking in the House of Scientists, he stated that although the results of the parliamentary elections are not directly connected with the presidentials, it would scarcely be appropriate for the leader of the faction that brings up the rear to seek the post of president.

But as it turns out, "Yabloko" is the faction bringing up the rear. Such are the quirks of fate.

It has long since been observed that the more insignificant a politician is personally, the more boldly he presents himself to the people as their benefactor. Maybe it is a kind of compensation. After all, it is said that even Brezhnev sought more and more new posts, titles, and orders in order to conceal his inadequacy as leader of a great power. If, for the sake of argument, we follow the principle of adequacy and do not take Lenin's view that even a cook, with training, can run a state, then only two people have demonstrated as yet that they are capable of withstanding the weight of this burden. They are Boris Yeltsin, the present president, and Viktor Chernomyrdin, the present premier. Maybe the presidential burden is also within the powers of Moscow Mayor Yuriy Luzhkov. But he will not even hear of it.

Naturally, there will be other presidential candidates with various chances of success. There is V. Zhirinovskiy, most likely G. Zyuganov, and possibly A. Lebed. I think G. Yavlinskiy will announce his candidacy, however hard people try to convince him of the

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futility of the venture and to explain to him that he will thereby split the democratic camp once again and make it easier for two opponents of democracy to reach the second round together.

They Shall Not Pass. Or Else...

And why should we accustom ourselves to the idea that the Communists could return to power? After everything they did in the country, after the collapse of communism throughout the world. Or are we really so hopeless that we do not even learn from our own bitter experience? If it comes to that, communists have never come to power anywhere by parliamentary means, through free elections. Even in France and Italy, where in the first years after World War II the Communists' prestige was unusually high and regimented state socialism had not yet been discredited, they were unable to win the majority of voters over to their side.

Local organs of power are the exception. Communists have strong positions in both Italy and France. And in the Indian state of West Bengal the Communists have ruled continuously for a long time. But with one small reservation: within the framework of the Constitution and of laws adopted at state level. I believe in our country too power could be in the Communists' hands in many regions. And that is perfectly normal in a multiparty system.

...During the election campaign I pulled a leaflet out of my mailbox. "Only those who rob and kill are against the Communist Party and the Communists," it said. And I said to myself: With that kind of intellectual baggage, the Communists are hardly likely to get to presidential power. But then I found myself thinking: Maybe that is precisely the kind of baggage that will get them there?

Because they will get there, if the same kind of irresponsible fragmentation prevails in the camp of reformist forces as there was on the eve of the parliamentary elections. If the election campaign is organized and conducted incompetently. If a mistake is made over the candidate for the presidency. But that is an extreme case. And then there will be nothing left to do but to say: "It serves us right, we brought it on ourselves." But I am an optimist, and I do not much believe in that outcome.

'Possible Foreign Minister' Lukin Interviewed

BR0501112896 Milan PANORAMA in Italian 11 Jan 96 p 36

[Interview with Russian Yabloko Deputy Vladimir Lukin by unidentified correspondent; place and date not given: "If Yabloko Wins" — first paragraph is PANORAMA introduction]

[FBIS Translated Text] Vladimir Lukin, the previous Duma's Foreign Affairs Committee chairman, was re-elected in the Yabloko list and is considered a possible foreign minister. PANORAMA interviewed him.

[PANORAMA] Democratic reformists and communist nostalgics: Who will win?

[Lukin] The newspapers see a struggle between democracy and communism. In reality the struggle is between four groups: There are bolshevik communists alongside communists following the path to social democracy, and there are bolshevik democrats alongside reformist democrats.

[PANORAMA] You are a member of the latter group. But who are the bolshevik democrats?

[Lukin] Those who order parliament to be shot at in order to bring about democracy and a market economy may claim to be democrats but they use bolshevik methods. The Russian philosopher Belinskiy warned a long time ago how terrible it is when Russians get metaphysics into their heads: All or nothing. Compromise is synonymous with treachery in Russia.

[PANORAMA] There is a Russian movie in which the leading actor, whom everybody laughs at, asks those present whether they will vote for the bolsheviks or the communists. Is he asking the right question?

[Lukin] Communism is a myth, and bolshevism is the means to attain that myth. Ivan the Terrible, Peter the Great, and later Stalin and Trotskiy were bolsheviks. That is, in part, the country's autobiography.

[PANORAMA] Is any sort of accord possible with those whom you call democratic communists?

[Lukin] Viktor Chernomyrdin, with his party Russia Is Our Home, won 6 million votes. We in Yabloko represent 4.7 million voters. In order to be admitted to the run-off, after four or five candidates have been eliminated in the first round, it has been calculated that a candidate will have to win some 20 million votes. Does one make an alliance with existing parties, fish among the abstentionists, or place his hopes in those who wasted their votes on the small parties? The campaign will be a mixture of all those things. We are the party of democratic opposition: If they agree to some of our ideas, including curbing the president's role, we are willing to seek a compromise. We are leaving all doors open, but it is important that the democratic communists win against the bolshevik communists.

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[PANORAMA] You are "pro-Western," a former ambassador to the United States, and close to intellectual dissident circles under Brezhnev. Are you now looking back to history?

[Lukin] There is a Russia which is traditional in the tragic, medieval sense of the word. To kill oneself for an ideal is the height of heroism. Bolshevism is still an existential, intimate matter, but there has been some progress: The code of behavior is being modified and the medieval sense of tragedy is being attenuated. This happened first in Germany; it is now happening, we hope, in Russia.

Economic Adviser Livshits Hospitalized

LD0401190696 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — Well-informed medical sources in Moscow told INTERFAX that Aleksandr Livshits, presidential economic adviser, was hospitalized Thursday with the preliminary diagnosis of an angina attack.

Livshits, 47, a professor of economics, has been working as presidential aide since autumn 1994. Earlier he headed a group of economic experts for the Russian president.

Economics Ministry To Finalize Economic Plan

LD0401154596 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — At its Thursday session, the Russian government passed a decision to finalize the plan for Russia's transfer to stable development as proposed by the Economics Ministry. The text of this plan is to be submitted to Russian Prime Minister Viktor Chernomyrdin for consideration before February 1.

Speaking at the session, Economics Minister Yevgeniy Yasin said that restructuring of industrial production to ensure economic stabilization and further economic development while bearing in mind environmental factors is to be the basis of transformation in the country. The plan's goal is to achieve radical improvement of the environment "by ecologizing economic activity and by creating conditions for harmonious relations between society and nature."

Transfer to science-intensive and high-tech systems of production should be the major trend of industrial transformation, Yasin said.

"Formation of a qualitatively new society, in which spiritual and moral values and knowledge of a free man living in harmony with the environment should be the criterion of national well-being," are to be the final aim of Russia's transfer to stable development.

However, the session pointed out that it is necessary to make this document more concrete and to exclude items containing contradictions with the government's course for economic development of the country.

Members of the Cabinet of Ministers voiced several amendments, stating that in fact ecologizing of economic activity in Russia means "not only restructuring, but reduction of production as a whole."

As Chernomyrdin noted, "our work started to worsen, but it appears that this is good for nature."

Participants voiced rhetorical questions: "Is it not better to import food products and industrial goods from outside, rather than producing them in the country, as then ecology and nature will come to their natural state?"

Government Examines Post-Rio Plan, Caspian Issues

MM0401153696 Moscow ROSSIYSKAYA GAZETA Weekend Edition in Russian 5 Jan 96 p 2

[Report by Vladimir Kucherenko under the "In the Russian Federation Government" rubric: "Looking Ahead to the 21st Century"]

[FBIS Translated Text] Yesterday's session of the Russian Federation Government was devoted to global problems.

Economics Minister Ye. Yasin presented a draft concept for the country's transition to stable development. Let us explain: In 1992, 178 countries participating in the UN conference in Rio de Janeiro came to the conclusion that the planet's resources are on the brink of exhaustion. The rate of economic growth is a threat to mankind's future. The developed countries of the West (the "golden billion" of the population) consume 80 percent of all the earth's resources, but what if the rest of the world catches up with their level of development? The conference participants then pledged to formulate national strategies for stable development which would ensure the preservation of ecosystems and resources and change the orientation of development. Such a strategy was supposed to appear in our country too, in accordance with a presidential edict of 4 February 1994.

But what should Russia's strategy be? The participants in the 1992 conference drew various conclusions. The West interpreted everything to suit itself: It should have high standards and industry, while the others should have a low [living] standard and raw materials

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sectors. Other countries, conversely, are demanding from the West a policy of self-restraint and renunciation of luxury. The nature of our concept will determine whether Russia is left without powerful levers for development, or wins a place in the sun as a mighty power.

The draft presented by Yasin came under fairly keen criticism for its amorphousness, pomposity, and lack of specific guidelines or priorities for development. In the view of Russian Federation Atomic Energy Ministry chief V. Mikhaylov, the concept in its present form dooms Russia to eternal backwardness and makes it possible to close down any industrial project. Almost the same was said by P. Mostovoy, deputy chairman of the Russian Federation State Committee for the Management of State Property: We must either shelve this program, or forget about a high rate of economic growth.

Premier V. Chernomyrdin also expressed dissatisfaction with the document's excessively politicized nature. In particular, the fact that the Economics Ministry sees as inevitable a decline in the living standard, the threat of mass unemployment, a housing crisis, and a crisis in the education, health, and social security systems. As well as a reduction in production, an unfavorable investment climate, imperfect legislation, and "shortcomings in the privatization system." The head of government considered this "excessive," with no place in the concept. The document was therefore sent for further work.

The Economics Ministry was also in big trouble for indiscipline in tackling the problems of the Caspian. The situation is disastrous here, the sea level is rising (by 2.5 meters in the past year alone). Kalmykia, Astrakhan Oblast, and Dagestan are turning into Atlantises. In recent times the sea has swallowed up 300,000 hectares of land, and in Makhachkala the water is already reaching the doorways of nine-story apartment blocks. The annual damage from the Caspian's advance is calculated at 10-13 trillion rubles.

Back in 1993 the government adopted a decree on the problems of the Caspian — in connection with reinforcing the banks, moving industrial facilities, and resettling the local inhabitants. However, as of today this has been only 15 percent fulfilled. Uncompleted facilities are collapsing. In 1995 the government instructed the Economics Ministry to draft a new government decree on the matter. However, Ye. Yasin stated yesterday that in his opinion such a decree is not necessary — what is needed is to fulfill the 1993 document and wait for the detailed "Caspian" program.

However, the discussion showed that the situation in the flood regions is extremely strained, and the delay in adopting the document, for which the Economics Ministry is to blame, could lead to highly unpleasant consequences. On the insistence of First Vice Premier O. Soskovets, the document is to be compiled in the shortest possible time.

Ministry Opposes Ukrainian Oil Transit Tax Rise

LD0501122396 Moscow INTERFAX in English 1014 GMT 5 Jan 96

[FBIS Transcribed Text] MOSCOW, Dec 5 [as received] (PIA-INTERFAX) — The Russian Fuel and Energy Ministry strongly opposes the unilateral increase by the Ukrainian State Oil and Gas Committee of oil transit tariffs as of January 1, 1996. Moscow discontinued the pumping of oil to the West through the Druzhba pipeline as a result.

A Fuel and Energy official told INTERFAX Petroleum Information Agency Friday that the Ukrainian action is inconsistent with the agreement between the two governments of October 7, 1994, under which the transit tariffs cannot be changed unilaterally or without a bilateral protocol.

The official sharply criticized the remarks, made by Lyubomir Bunyak, director general of the Ukrainian part of the Druzhba pipeline, to the effect that Ukraine had a go ahead from Russian companies.

"Transit is a matter of national policy and the Russian companies which contradict this policy must be punished for concealment of profits," the official said.

The official added that the ministry sent a letter on December 9, 1995, suggesting holding talks with Kiev to discuss the issue, but the Ukrainian State Oil and Gas Committee has not responded until now.

Ukraine wants to raise the tariffs by an average of 10 percent, to $5.1 per tonne of oil across 100 kilometers. For its part, Moscow believes that the tariffs which existed before the rise were unduly high in light of the benefits Ukraine reaps from cooperation with the Russian fuel and energy industry.

Nearly 28 million tonnes of oil used to be pumped through the Druzhba pipeline to Hungary, Slovakia and the Czech Republic in Soviet times.

The pumping of oil to Hungary resumed, however, on Thursday.

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Security Services Confrontation Story Rebutted

MM0401133596 Moscow ROSSIYSKIYE VESTI in Russian 4 Jan 96 p 6

[Unattributed report: "Yuriy Baturin: Political Leadership Needs Mutually Complementary Sources of Information"]

[FBIS Translated Text] Yuriy Baturin, the Russian president's national security aide, has once again denied rumors of a possible reorganization or change in the jurisdiction of the Foreign Intelligence Service. He was speaking during a "roundtable on intelligence" at the Central Journalists Center.

When asked about the possibility of creating an intelligence community in Russia on the lines of that in the United States Baturin said that "such a delicate mechanism is not formed by edict or decree."

However, the presidential aide did remark that our country does effectively have an intelligence community, which operates in accordance with a number of historical, functional, and organizational factors. For many years virtually all the special services formed part of a single structure — the KGB — and they "got accustomed" to close collaboration. Now that they have become independent, they have retained their former functional ties and are all, moreover, under the president's jurisdiction.

Yuriy Baturin described as far-fetched all the reports of "confrontation" between Russian special services. For his part Vyacheslav Trubnikov, first deputy director of the Russian Federation Foreign Intelligence Service, backed this view, pointing out that relationships between the special services depend in many respects on the relationships between their leaders. The current heads of the intelligence departments understand one another well, and this also has a favorable effect on cooperation between the special services. According to the general, sound competition can only be of benefit. "The country's political leadership needs various complementary sources of information that amplify one another," he said.

Media Issues

Government Decree on TV, Radio Relay Costs

MM0401142696 Moscow ROSSIYSKAYA GAZETA in Russian 4 Jan 96 p 5

[Russian Federation Government decree No. 1234, signed by Russian Federation Government Chairman V. Chernomyrdin in Moscow on 13 December 1995, and published under the general heading "Television Receives Support": "On Ensuring the Distribution of Programs of All-Russia and Regional State Television and Radio Broadcasting Organizations" — from the "Documents" section]

[FBIS Translated Text] In implementation of the Russian Federation president's edict No. 1019 of 6 October 1995 "On Improving Television and Radio Broadcasting in the Russian Federation" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, issue No. 41, p 3878), and with a view to preserving the network for the distribution of programs of all-Russia and regional state television and radio broadcasting organizations, the Russian Federation Government decrees:

1. Services rendered by communications organizations for the distribution of programs of all-Russia and regional state television and radio broadcasting organizations are to be classified as output for federal state needs.

Payment for the services in question is to be effected in compliance with the procedure for the purchase and supply of output for federal state needs laid down in Russian Federation Government decree No. 594 of 26 June 1995 "On Implementing the Federal Law 'On Supply of Output for Federal State Needs'" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, issue No. 28, p 2669).

It is prescribed that payment for services rendered by communications organizations for the distribution of programs of all-Russia and regional state television and radio broadcasting organizations, including advertising of output (work, services) by Russian producers of goods and services, which are classified as output for federal state needs, is to be effected on the basis of charges prescribed for budget-funded organizations.

2. It is prescribed that the volume and categories of services rendered by communications organizations for the distribution of programs of all-Russia and regional state television and radio broadcasting organizations, which are classified as output for federal state needs, are determined by the Russian Federation Government on recommendations from the Russian Federal Service for Television and Radio Broadcasting, the Russian Federation Ministry of Communications, the Russian Federation Ministry of the Economy, and the Russian Federation Ministry of Finance, while the charges for these services are determined by the Russian Federation Ministry of Communications in coordination with the Russian Federation Ministry of the Economy, the Russian Federation Ministry of Finance, and the Russian Federal Service for Television and Radio Broadcasting.

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3. The Russian Federal Service for Television and Radio Broadcasting and the Russian Federation Ministry of Communications, jointly with the Russian Federation Ministry of the Economy and the Russian Federation Ministry of Finance, will formulate the 1996 orders for services rendered by communications organizations for the distribution of programs of all-Russia and regional state television and radio broadcasting organizations within the limit of funds provided by the appropriate expenditure section of the 1996 federal budget.

4. The Russian Federal Service for Television and Radio Broadcasting in coordination with the Russian Federation Ministry of Communications will effect the placement with communications organizations of orders for services indicated in Point 1 of this decree through the conclusion of appropriate contracts, and payment for the services ordered via the treasury system of the Russian Federation Ministry of Finance on the basis of the volume and quality of services actually rendered.

5. The Russian Federal Service for Television and Radio Broadcasting in coordination with the Russian Federation Ministry of Communications will, within one month, conclude contracts for 1996 with communications organizations ensuring the distribution of programs of all-Russia and regional state television and radio broadcasting organizations in accordance with the procedure for the preparation and conclusion of state contracts for the purchase and delivery of output for federal state needs as approved by Russian Federation Government decree No. 594 of 26 June 1995.

5. The Federal Energy Commission will ensure the implementation of previously adopted decisions on the institution of preferential 50-percent charges for the supply of electricity to communications organizations ensuring the distribution of programs of all-Russia and regional state television and radio broadcasting organizations.

7 The Russian Federation Ministry of Finance will provide within the 1996 federal budget the sum of 20 billion rubles to the Russian Federation Ministry of Communications to restore scheduled operations by the television and radio broadcasting transmitters of state-owned communications organizations ensuring the distribution of programs of all-Russia and regional state television and radio broadcasting organizations.

[signed] Russian Federation Government Chairman V. Chernomyrdin

Decree on Communications Facilities Program

MM0401143096 Moscow ROSSIYSKAYA GAZETA in Russian 4 Jan 96 p 5

[Russian Federation Government decree no. 1178 "On Federal Targeted Comprehensive Program for the Creation of Technical Facilities for Communications, Television, and Radio Broadcasting" — from the "Documents" section]

[FBIS Translated Text] Moscow, 27 November 1995 — The Russian Federation Government decrees:

1. That the following be approved:

the Federal Targeted Comprehensive Program for the Creation of Technical Facilities for Communications, Television, and Radio Broadcasting (hereinafter referred to as the Program), submitted by the Russian Federation State Committee for the Defense Sectors of Industry, the Russian Federation Ministry of Communications, and the Russian Federal Service for Television and Radio Broadcasting and coordinated with the Russian Federation Ministry of the Economy and the Russian Federation Ministry of Finances;

The Russian Federation State Committee for the Defense Sectors of Industry is to be approved as the state client for implementing the Program.

2. In implementing the Program, the creation of technical facilities for equipping the interconnected network of communications and television and radio companies of the Russian Federation should be defined as the priority avenue.

3. The Russian Federation Ministry of the Economy must include the Program in the list of federal targeted programs accepted for financing from the federal budget.

4. The Russian Federation Ministry of the Economy, the Russian Federation Ministry of Finances, and the Russian Federation Ministry of Science and Technical Policy must provide for financing for the Program;

in 1996 within the limits of appropriations earmarked for the Russian Federation State Committee for the Defense Sectors of Industry for financing scientific research and experimental design work;

as of 1997 as one of the federal targeted programs with the annual specification of the size of the appropriations earmarked.

[signed] V. Chernomyrdin, chairman of the Russian Federation Government

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Decree on State TV, Radio Programs Fund

MM0501110796 Moscow ROSSIYSKAYA GAZETA in Russian 4 Jan 96 p 5

[Russian Federation Government decree No. 1232 "On the State Television and Radio Programs Fund," signed by Russian Federation Government Chairman V. Chernomyrdin in Moscow on 13 December 1995]

[FBIS Translated Text] In accordance with the Russian Federation president's edict No. 1019 of 6 October 1995 "On Improving Television and Radio Broadcasting in the Russian Federation" (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1995, issue No. 41, p 3878), the Russian Federation Government decrees that:

1. The appended Statute on the State Television and Radio Programs Fund (not published) is approved.

2. Anatoliy Ivanovich Vystorobets is appointed director of the State Television and Radio Programs Fund.

3. The Russian Federation State Committee for the Management of State Property, in consultation with the Russian Federal Television and Radio Broadcasting Service, is to place in the State Television and Radio Programs Fund's operational charge the property it needs for its activities as a state institution.

4. The Russian Federal Television and Radio Broadcasting Service, in conjunction with interested organizations and in accordance with Russian Federation legislation, is to draw up a list and determine the procedure for transferring a mandatory copy of television and radio broadcasting organizations' produced and broadcast materials to the State Television and Radio Programs Fund for storage.

5. It is prescribed that the State Television and Radio Programs Fund, in relation to the federally owned fund materials, will perform the functions of rightful successor to the now defunct state television and radio broadcasting organizations as regards the authority they had at the time they became defunct in accordance with the Russian Federation Law "On Copyright and Related Rights" over produced (broadcast) programs, broadcasts, and recordings, unless otherwise stated by decisions of the Russian Federation president or Russian Federation Government.

[signed] Russian Federation Government Chairman V. Chernomyrdin

Military Issues

Federal Law on State Defense Order Published

MM0401163396 Moscow ROSSIYSKAYA GAZETA in Russian 4 Jan 96 p 3

[Russian Federation Federal Law No. 213 "On the State Defense Order," adopted by the State Duma on 24 November 1995, signed by Russian Federation President B. Yeltsin in Moscow, The Kremlin, on 27 December 1995]

[FBIS Translated Text] This federal law lays down the general legal and economic principles of and procedure for forming, placing, financing, and carrying out the state defense order and regulates relations in this sphere.

Article 1. Basic Terms

The following basic terms are used in this federal law:

state defense order (hereinafter defense order) — a legal document specifying the supply of products for federal state needs in order to maintain the requisite level of Russian Federation defense capability and security: combat weapons, ammunition, military equipment, and other military assets (hereinafter arms and military equipment), components and supplies, and the performance of work and provision of services (hereinafter, products [work, services]), and also export and import deliveries in the sphere of military-technical cooperation between the Russian Federation and foreign states in accordance with the Russian Federation's international treaties;

customer placing state defense order (hereinafter state customer) — the federal organ of executive power handling orders to develop, produce, and supply defense-order products (work, services). Only a federal organ of executive power which has troops and armed formations in accordance with laws and other normative acts of the Russian Federation can be a state customer ordering arms and military equipment and research and experimental design work to develop them and also to create new technologies for the production of arms and military equipment in order to maintain the requisite level of Russian Federation defense capability and security;

main defense order contractor (hereinafter main contractor) — the organization concluding a state contract with a state customer for the supply of defense order products (work, services) and drawing up contracts with defense order contractors for the supply of products (work, services);

defense order contractor (hereinafter contractor) — an organization participating in the handling of a defense

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order on the basis of a contract with a state customer or main contractor (contractor);

state contract — a contract concluded by a state customer with the main contractor (contractor) specifying the parties' commitments and their responsibility for meeting the defense order;

contract — a contract concluded by the main contractor (contractor) with a contractor (another contractor) and specifying the parties' commitments and their responsibility for meeting the defense order.

Article 2. General Provisions

1. The main indicators of the defense order are approved by the Russian Federation president.

2. Supplies of defense order products (work, services) are a way of supplying products (work, services) for federal state needs.

The defense order can incorporate:

research and experimental design work to develop or modernize arms and military equipment or scrap and destroy arms and military equipment that are being withdrawn from service;

research and experimental design work to develop organizations' research, experimental design, and industrial production facilities in order to ensure that the defense order is met and also to enhance the preparation of the Russian Federation economy for mobilization;

series production and supply of arms and military equipment, and also components and supplies;

work to repair and modernize arms and military equipment and ensure warranty inspection and servicing by the manufacturer and also to scrap and destroy arms and military equipment being withdrawn from service;

work in the sphere of military-technical cooperation between the Russian Federation and foreign states in accordance with Russian Federation international treaties;

work on the preparation of the Russian Federation economy for mobilization;

supplies of products (work, services) for civil defense needs;

production of clothing and related gear, military equipment and property, and food and nonfood goods;

construction, reconstruction, and retooling of facilities intended for Russian Federation defense and security needs, including for the purposes of scrapping and destroying arms and military equipment being withdrawn from service;

other work to safeguard Russian Federation defense capability and security.

3. The defense order should contain:

an itemized list and quantities of products (work, services) to be supplied and the delivery dates;

the predicted cost (price) of the defense order as a whole, and also its different sections and individual stages of implementation;

a list of state customers;

a list of proposed main contractors (contractors).

4. Work on the development and production of components and supplies to ensure the implementation of the defense order is classified as work on the defense order.

5. Funding for the defense order comes out of the federal budget by means of allocation of appropriations to the state customer. Federal budget items to do with funding the state order have the status of protected items of federal budget expenditure.

Payment for supplies of defense order products (work, services) will take place in accordance with the terms of the state contract (contract).

Payment for supplies of products (work, services) effected by a contractor under a contract with the main contractor (contractor) can be made directly by the state customer, if specified by the relevant state contract (contract).

The financial resources paid by the state customer to the main contractor (contractor) are intended only for spending on the implementation of the defense order and for advance payment for relevant work. The main contractor (contractor) is accountable for any other use of the aforementioned funds.

Article 3. Formation and Placement of the Defense Order

1. The defense order is formed within the limits of expenditure set by the federal budget for these purposes on the basis of:

the main provisions of the Russian Federation military doctrine;

the 10-year federal program for the development, creation, and production of arms and military equipment, incorporating orders for research and experimental design work (including work on the development of the principal military technologies), series production,

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scrapping and destruction of arms and military equipment being withdrawn from service, capital construction, and also measures to provide materials and equipment for this work;

other federal programs;

a mobilization plan for the Russian Federation economy;

programs for military-technical cooperation between the Russian Federation and foreign states in accordance with Russian Federation international treaties.

2. Work on the implementation of the 10-year federal program for the development, creation, and production of arms and military equipment is planned for each year over the first five years.

The aforementioned program will be adjusted once in five years, not later than nine months before the start of the period.

3. The draft defense order is elaborated in accordance with the procedure laid down by the Russian Federation Government in forming the federal budget for the relevant years and on the basis of the Russian Federation economy's potential resources.

The Russian Federation Government, as well as submitting the draft federal budget to the Russian Federation Federal Assembly State Duma, will submit the main indicators of the defense order for the relevant year to the Russian Federation president for his approval.

The main indicators of the defense order will be approved by the Russian Federation president along with the Russian Federation president's signing of the federal law on the federal budget.

The Russian Federation Government has 20 days after the Russian Federation president's signing of the federal law on the federal budget and Russian Federation president's approval of the main indicators of the defense order to approve the defense order in full within the limits of the expenditure set by the federal budget for these purposes.

4. The defense order is placed on the basis of competitive tender, except for work on maintaining mobilization capacities. If there are no bidders for the defense order and also if no main contractor (contractor) is identified as a result of the tender, the defense order must be taken up by unitary state enterprises, and also by other organizations occupying dominant positions in the commodity market or possessing a monopoly of the production of defense order products (work, services), on condition that the defense order provides the level of profitability set by the Russian Federation Government for the production of these types of products (work, services).

The procedure for bidding for the placement of the defense order is determined by the Russian Federation Government.

The defense order and the conclusion of a state contract (contract) for work on maintaining mobilization capacities are obligatory for all organizations as long as the placement of the defense order does not mean that they will make a loss when implementing it.

5. In accordance with the approved defense order the state customer will conclude a state contract with the main contractor.

Article 4. Main Demands Made on the Defense Order Main Contractor (Contractor)

1. Organizations can be defense order main contractors (contractors) on an equal footing irrespective of their legal and organizational form and their form of ownership, as long as they are licensed to engage in the relevant type of defense order activity.

2. If defense order work ceases the main contractor (contractor) has no right to eliminate or realign production capacities handling the defense order without consulting the Russian Federation Government.

Losses sustained by the main contractor (contractor) as a result of the nonuse of the aforementioned capacities as directed by the Russian Federation Government will be compensated for by the Russian Federation Government in full.

Article 5. Main Functions of the State Customer

1. The state customer:

organizes and conducts tenders for the placement of the defense order for the purpose of identifying the main contractor (contractor);

agrees the price of products (work, services) and concludes a state contract for the supply of products (work, services);

ensures that the state order is funded;

monitors the main contractor's (contractor's) use of the financial resources allocated for the handling of the defense order;

monitors the work both in the individual stages and as a whole;

participates in tests of experimental models (systems) of arms and military equipment and prepares the documentation introducing them into service (supplying them);

approves the design documentation for series production of arms and military equipment.

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2. The state customer can on the basis of a state contract transfer some of his defense order functions to the main contractor.

Article 6. Main Functions of the Main Contractor (Contractor)

The main contractor (contractor):

participates in the defense order tenders;

validates the price of products (work as a whole, sections of work and individual stages);

concludes a state contract (contract) to handle the state order;

ensures the implementation of the work and manufacture of experimental models (systems) of arms and military equipment, assimilation, series production and supply of products (work, services), and warranty inspection and servicing of arms and military equipment by the manufacturer;

ensures that the work done, the experimental models (systems) of arms and military equipment that are manufactured, and the series production conform to the demands of state standards, the tactical and technological (technical) objective set by the state customer, the technical documents, and also the tactical and technological specifications and terms of the state contract (contract);

organizes and carries out tests of experimental models (systems) of arms and military equipment and series products, as specified by the technical documents;

provides the state customer with the proper conditions for monitoring the implementation of work both at individual stages and as a whole during the process of development, production, and supply of arms and military equipment.

Article 7. State Contract (Contract) To Handle the Defense Order

1. A state contract (contract) will be concluded both for the implementation of the entire complex of research and experimental design work, production, supply, operation, repair, scrapping, and destruction of arms and military equipment, and for the individual types of work.

2. The quality of the products (work, services) supplied in accordance with the state contract (contract) to handle the defense order must conform to the demands of normative and technical documents and the terms of the state contract (contract).

3. Model terms for a defense order state contract (contract) are determined by the Russian Federation Government.

4. Contracts with foreign corporate bodies for handling defense order work and also for export and import supplies of products (work, services) are concluded in accordance with the procedure laid down by Russian Federation legislation.

Article 8. Material and Technical Provision for the Defense Order

1. When it comes to very important types of material and technical resources for the implementation of the defense order, the organizations supplying (producing) these resources, irrespective of their legal and organizational form and their form of ownership, will be given quotas (itemized list, quantity, delivery dates) by the Russian Federation Government for obligatory supplies of the aforementioned resources to the state customer or main contractor (contractor) at prevailing commodity market prices.

2. Supplies of material and technical resources for the implementation of the defense order in line with established quotas go only to the state customer or main contractor (contractor).

Article 9. Economic Incentives for Handling the State Order

1. The following economic incentives may be envisaged for the main contractor (contractor):

allocation of appropriations from the federal budget for the construction and reconstruction of organizations, for equipping them with modern equipment, for the assimilation of new equipment, technology, and materials;

in the event of implementation of the state order, a guaranteed fixed level of profitability on types of defense products (work, services), ensuring the creation of a stable financial base for the production, scientific-technical, and social development of organizations that are main contractors (contractors) by means of the mechanism for pricing products (work, services);

quarterly indexation of appropriations allocated to pay for the defense order out of the federal budget, in connection with inflation processes;

quarter-by-quarter or stage-by-stage advance payment for state order work amounting to at least 40 percent of the cost out of federal budget funds for financing the defense order;

exemption of the defense order main contractor (contractor) from payment of customs duty on equipment and other products not produced by Russian industry and imported to retool organizations handling the defense order, in accordance with the Russian Federation

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Customs Code and Russian Federation Law "On Customs Tariffs";

other concessions in accordance with laws and other normative legal documents of the Russian Federation.

In accordance with the procedure and within the limits specified by Russian Federation tax legislation, the main contractor (contractor) can be exempted from payment of:

tax on part of the profit earned from implementing the defense order and used for retooling, reconstructing and/or expanding production;

land tax on plots of land accommodating the production and scientific research complexes and mobilization facilities, including test complexes, ranges, and depots for state and mobilization reserves;

property tax on the mobilization facilities, including test complexes, ranges, and depots for state and mobilization reserves.

The types and amounts of and procedure for providing economic incentives for the main contractor (contractor) are determined by the Russian Federation Government when it elaborates the draft federal budget, and the relevant proposals are submitted to the State Duma for approval together with the draft federal budget.

2. The state customer has the right to specify other types of incentives in the state contract (contract).

Article 10. Responsibility of Federal Organs of Executive Power

1. The Russian Federation Government and other federal organs of executive power set up by the Russian Federation Government are responsible for implementing military-technical policy and ensuring the implementation of the 10-year federal program for the development, creation, and production of arms and military equipment and other federal programs and for promptly providing the state customer with the financial resources to make advance and regular payments for products (work, services) and carry out other defense order work.

2. The state customer is responsible for getting the defense order to the main contractor (contractor) promptly and for the targeted use of the funds allocated to him out of the federal budget for advance and regular payments for products (work, services).

Article 11. Responsibility for Nonfulfillment of the Defense Order

1. If one of the sides fails to fulfill or does not properly fulfill obligations specified by the state contract (contract), the guilty party will compensate the other side for any losses it has sustained in accordance with the procedure and in an amount laid down by Russian Federation civil legislation and the state contract (contract).

Other types of liability are specified by the federal law determining the particular features of supplies of products (work, services) for the implementation of the state order.

2. If he fails to fulfill or does not properly fulfill the obligations specified by the state contract (contract), the main contractor will forfeit the right to economic incentives envisaged by Article 9 of this Federal Law.

3. Disputes arising between the state customer and main contractor (contractor) or between main contractor (contractor) and contractor (other contractor) when concluding, changing, dissolving, or implementing state contracts (contracts), and disputes over compensation for losses incurred will be examined in courts of arbitration.

Article 12. Coming Into Force of This Federal Law

1. This federal law comes into force on the day it is officially published.

2. The Russian Federation Government is instructed in 1996:

to bring normative legal acts adopted by it into line with this federal law;

to adopt normative legal acts ensuring the implementation of this federal law;

to prepare and submit in the proper way proposals on making amendments and additions to Russian Federation legislation in connection with the coming into force of this federal law.

[signed] Russian Federation President B. Yeltsin
[dated] Moscow, The Kremlin, 27 December 1995

Daily Ponders Army's Cash Shortage Problems

MM0501101896 Moscow KRASNAYA ZVEZDA in Russian 4 Jan 96 p 1

[Article by Ivan Ivanyuk under the "On the New Duma's Agenda" rubric: "Free the Army From Debts"]

[FBIS Translated Text] Dumas have names....

Of course, the name by which a given legislative assembly is remembered in the public consciousness largely depends on the political preferences of the authors of memoirs who painstakingly select those names. "Politically trivial and inexperienced in state matters" was the description given to the first Duma. "I

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have known places in the world more insalubrious than this," was the comment made about the second Duma.

Now the fifth State Duma is entering Russian history having completed its allotted term, which is gratifying in itself. It has already received a number of snap assessments, some glowing, others disparaging. No major memoirs have been written yet but are they of interest to the reading public anyway? The people's deputies have become too self-interested with their own political games whereas what matters to the man in the street is not the number of laws adopted but the general feeling of what has changed for him personally over the past two years. What has changed for the better, of course.

Much has changed for military men. Their mood has changed sharply furthermore — from exultation at the adoption of the Law on the Status of Servicemen to disillusionment that the law has not begun to work fully yet. From the hope that things will improve to irritation at the declarations about privileges at a time when even soldiers' pay is not being issued on time. The State Duma was either unable or unwilling to protect servicemen, their families, and Armed Forces civilian personnel from the chaos of the market — our society's traditional middle strata are among those with the least social protection.

KRASNAYA ZVEZDA readers have been expressing the hope that the newly elected Duma will manage to remedy the previous Duma's "shortcomings" and that legislators will address the Army's needs. In articles carried under the "On the New Duma's Agenda" rubric, which is being launched in our newspaper before the opening of the new legislative session, we want to outline once more the range of questions of concern to servicemen and labor collectives. We believe that if the people's elected representatives do not examine these questions as a priority, they should at least be concerned that they exist.

Surely the main distinguishing feature of the military man's general state in the past two years is his heightened sense of duty. No, not that military duty which the Russian soldier and officer characteristically used to fulfill. There is now a sense of duty [dolg (also meaning debt)] with mercenary overtones which is also largely obligatory, especially if there are big sums involved. They are not just big, they are astronomical. According to various estimates the Russian Armed Forces owed between 15 trillion and 20 trillion rubles [R] for their upkeep, weapons, research and development work, and housing construction as of 1 January 1996 — a sum comparable with the amount allocated to defense as a whole in 1994 (R25 trillion in last year's prices). Over the year debts were built up in the regions which prompted the power industry chiefs to switch off the power to military installations regardless of the ecological danger and resulted in the bakeries issuing bread to the soldiers on credit on the personal orders of governors. In per capita terms, it works out that every Defense Ministry employee in uniform owes the various suppliers millions of rubles.

The people in the Army are mainly highly conscientious and are ready to pay if necessary. When officers in the Transbaykal region had the money they stepped into the breach for the state and clubbed together to pay for electricity for official needs. But where is the cash to come from now? Earning money on the side is still banned but is there any other source of income? The government has repeatedly stated (and everyone knows that the government's word is its bond) that all the money owed to the Army will be paid out before the end of 1995. No disasters occurred which might have prevented that from happening. So was the money paid out and the debts cleared in full?.. But where did the debts come from anyway? Perhaps the new State Duma will have some ideas on the topic of money for the Army.

The only question is: What ideas? It is hardly going to revise last year's budget and increase the military's subsistence allowance. It is even doubtful that it will dare to touch this year's budget — its predecessor's main achievement, after all. Perhaps it will consider an amnesty for military debtors but that will have awkward repercussions: How can you share out profit when the Army is not part of the process, how can you privatize the property that it is defending, and what about the nonpayments crisis — how can you ask officers to join in the economic process?

That must not happen, gentlemen of the Duma. In France, for example, those who know about these things will tell you that the state sets aside money for the Armed Forces' pay two months in advance and every brave Gascon knows that he will greet the New Year or, say, the anniversary of the French Revolution with a glass of sparkling wine in his hand and that in the year of the rat the rodent in question will not clear out the crumbs from the Army's sacrosanct reserves. But in Russia, back in the days of Peter the Great, the czar decreed that money for military units be issued four months in advance. At a time of a perpetual shortage of money he took care to ensure that the Armed Forces received their share first of all. It is a shame that this tradition has now been handed over to foreigners while we have been left with vouchers and deflators [deflyatory].

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We will able to judge the new State Duma's priorities and its attitude to the Army's problems from its short-term agenda. A lot can be achieved inside a year. At the very least it will discuss the draft law on the 1997 federal budget. And in that law, perhaps, the parliamentarians will be able to sort everything out. They will be able to ensure that the funding for defense needs does not depend on the "saboteurs from the Economy Ministry" or on the strangely "inefficient people from the Finance Ministry" if they were suddenly to appear. So that the word "dolg" is then used in the Russian Armed Forces exclusively in its usual singular form strictly according to the military regulations — meaning duty.

Free the Army from "debts" which are not of its making.

Federal Assembly

Federation Council Approves Bosnia Peacekeeping Force

LD0501103196 Moscow ITAR-TASS World Service in Russian 1014 GMT 5 Jan 95

[By ITAR-TASS parliamentary correspondent Lyudmila Yermakova]

[FBIS Translated Text] Moscow, 5 Jan (ITAR-TASS) — The Russian Federation Council today approved the use of a Russian troop contingent in the peacekeeping operation of the multinational forces in Bosnia-Herzegovina. This question was submitted for examination by President Boris Yeltsin's office because, in accordance with the Russian Constitution, the Federation Council must adopt any decision on the possibility of the use of Russian armed forces outside its borders.

Federation Council First Session To Meet 23 Jan

LD0501100596 Moscow ITAR-TASS in English 0956 GMT 5 Jan 96

[FBIS Transcribed Text] MOSCOW January 5 (ITAR-TASS) — President Boris Yeltsin decreed to hold the first session of the Federation Council of the new convocation on January 23, 1996.

The decree received by Tass on Friday says the president himself will open the first session which will be then chaired by the oldest senator until the chairman of the upper house is elected.

On Friday the Federation Council is holding its last but one session and is to discuss the issue of sending troops to the peace implementation force in Bosnia, as well as a dozen of lawbills approved by the State Duma.

The last session of the current upper house is to be held on January 16, chairman Vladimir Shumeyko told the senators.

List of Duma-Adopted Laws Approved, Rejected by Senate

MM0401125096 Moscow ROSSIYSKAYA GAZETA (Documents Section) in Russian 4 Jan 96 p 6

[Unattributed report: "At the Federation Council"]

[FBIS Translated Text] The Federal Assembly Federation Council has approved a number of federal laws passed by the State Duma. The following laws were approved:

Legal:

"On Combating Corruption," "On Making Changes and Additions to the RSFSR Criminal Code and the RSFSR Code of Criminal Procedure in Connection with the Adoption of the Federal Law 'On Combating Corruption,' and "On Combating Organized Crime":

Social:

"On Making Changes and Additions to the Federal Law 'On Veterans,'" "On the Procedure for Calculating and Increasing State Pensions," "On Making Additions to Article 12 of the RSFSR Law 'On State Pensions in the RSFSR,'" "On Paying Service Pensions to Education Workers Engaged in Teaching Activity in Schools and Other Educational Establishments for Children," "On Paying Service Pensions to Healthcare Workers Engaged in Medical and Other Healthcare Work for the Population in Rural Localities," "On Providing Certain Social Guarantees to Heroes of Socialist Labor as Envisaged by the Russian Federation Law 'On the Status of Heroes of the Soviet Union, Heroes of the Russian Federation, and Full Holders of the Order of Glory,'" and "On Making Changes and Additions to the Russian Federation Law 'On the Employment of the Population in the Russian Federation'";

Economic:

"On Currency Regulation and Currency Control," "On the Disposal [rasporyazheniye] of Federally Retained Blocks of Shares in Joint-Stock Companies Set Up During Privatization," "On the Alienation of Shares (Blocks of Shares) Retained in Federal Ownership and the Transfer of Federally Owned Facilities as a Contribution toward the Incorporation Capital of Economic Associations and Companies," "On the State Regulation of Agro-Industrial Production," and "On Russian Federation International Treaties on Legal Succession in Respect of the State Foreign Debt and the Assets of the USSR and the Restructuring of the USSR State Foreign Debt";

— plus the following:

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"On the Reorganization, Privatization, and Winding Up of State Television and Radio Broadcasting Organizations in the Russian Federation," "On Science and State Scientific and Technical Policy," "On Assembles, Rallies, Demonstrations, Processions, and Picketing," and "On Museum Holdings in the Russian Federation and Museums in the Russian Federation."

The Federation Council rejected the following federal laws approved by the State Duma as drafted: "On Organizing the Payment of Wages to Workers in the Budget-Financed Sphere," "On the Procedure for Compensating for Material Damage Caused by Violation of the Dates Set for the Payment of Wages, Pensions, Grants, Benefits, and Other Social Payments to Citizens of the Russian Federation," and "On the Procedure for Paying Insurance Contributions to State Extrabudgetary Funds."

The Laws "On Defense" and "On the Budget of the State Fund for the Employment of the Population of the Russian Federation for 1995" were also rejected in view of the unacceptability of certain clauses and articles.

Agrarian Party's Lapshin To Return to Private Industry

LD0401191796 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Dec 4 (INTERFAX) — The leader of the Agrarian Party of Russia (APR), Mikhail Lapshin, decided Thursday to return to an agricultural company in the Moscow region as his powers as a people's deputy expired.

The APR failed to surmount the 5 percent barrier and gain representation in the State Duma last month. In December 1993, the party won about 8 percent of votes.

The 1995 voting results are not a defeat, but an episode in the difficult establishment of Russia's first true peasants' party, Lapshin told INTERFAX in an exclusive interview Thursday. For the last three years, the APR managed to become a real political force which will never leave the country's political life, he added.

By the time the new Duma starts work, the APR will have formed an independent deputies' group enjoying the status of a faction. The group will include 20 agrarian deputies elected from single-mandate constituencies, independent agrarians and possibly individual communists, he said. At least 35 deputies are required to register a group.

APR Deputy Chairman Nikolay Kharitonov elected in a single-mandate constituency in the Novosibirsk region will lead the group.

Regional Affairs

Chechnya Reportage: Military, Politics, Peace Talks

Roundup of Latest Incidents Given

MM0501120596 Moscow KRASNAYA ZVEZDA in Russian 5 Jan 96 p 1

[Untitled "Own Information" report]

[FBIS Translated Text] There is no let-up in the gunmen's attempts to inflame the situation in Chechnya. On the morning of 4 January at the entrance to the settlement of Khankala, which is several kilometers from Groznyy, there was an explosion at a federal troop checkpoint. An armored personnel carrier with servicemen on board was blown up by a powerful mine. At the same time the checkpoint came under small-arm fire. According to preliminary figures, one serviceman died and six were wounded.

The press center of the Combined Federal Troops in the Chechen Republic has reported that units and subunits came under fire 16 times 3-4 January. The "clean-up" operation to remove weapons and ammunition from population centers goes on. On the evening of 3 January servicemen from the headquarters in Groznyy's Leninskiy Rayon discovered 40 "Grad" rockets in a truck that they were inspecting.

According to the available information, members of the Chechen government are doing everything possible to develop the inter-Chechen dialogue to aid the settlement of the conflict. Recent meetings between government members and several field commanders have produced definite results. Events in two population centers — Urus-Martan and Achkhoy-Martan — have shown that the dialogue could be successful. After talks with the local leadership, gunmen in those places were forced to withdraw. There are plans to use the experience of peaceful inter-Chechen dialogue in Vedeno, the area of Chechnya where tension is greatest, as well as in adjoining population centers in the mountains where by all accounts Dudayev's main forces are located.

No Civilians Killed in Bomb Attack

LD0401202296 Moscow INTERFAX in English 1932 GMT 4 Jan 96

[FBIS Transcribed Text] GROZNYY, Dec 4 (INTERFAX) — According to confirmed reports, the rebel attack on a federal APC [armored personnel carrier] in the suburbs of Groznyy killed one and wounded three Russian servicemen, the press center of the federal command in Chechnya told INTERFAX Thursday evening. Interior troops suffered no casualties, it added.

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Preliminary investigation revealed that a bomb had been thrown under the APC. The explosion was the signal to attack. The outpost was fired at from all directions, including from a passing truck.

Media reports on civilians killed around the outpost are untrue, the press center underlined.

Dagestan Checkpoint Attacked; Two Killed

LD0401202696 Moscow INTERFAX in English 1932 GMT 4 Jan 96

[FBIS Transcribed Text] MAKHACHKALA, Jan 4 (INTERFAX) — Unidentified gunmen attacked a Dagestan police checkpoint on the border with Chechnya near Khasavyurt on Thursday, killing two policemen and severely wounding a third.

Deputy Interior Minister of Dagestan Valeriy Beyev told INTERFAX the attackers burst into the checkpoint building and opened fire. The police retaliated but the gunmen managed to escape unharmed.

The official said the crime rate in border communities had grown during the last few days. In the context of the locally-organized rallies demanding the withdrawal of federal troops from Chechnya the situation on the border area can be called extraordinary, he said.

Meanwhile, an INTERFAX correspondent in Khasavyurt reports a large meeting was held in the district capital Thursday for the removal of the federal force from Chechnya. Some of the local Chechens spoke against the concentration of Russian servicemen on the border of Dagestan and Chechnya.

Speakers said the reaction to every attempted attack on the checkpoint or the positions of federal troops is extraordinarily tough.

Actions involving hundreds of people have been held in the region for several days. Local Chechens demand the withdrawal of troops from Chechnya, while part of the Avars and Laks rally against the withdrawal.

The situation is complicated by the presence of large numbers of refugees from Chechnya. According to some sources, over 20,000 of them poured into the town during the hostilities in Gudermes in mid-December. Twelve thousand more have been living there since the beginning of the Chechen war a year ago.

Maskhadov Bans Rear Attacks on Troops

LD0401143696 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] GROZNYY, Jan 4 (INTERFAX) — Chechen separatist chief of the general staff Aslan Maskhadov has ordered an end to "all attacks, provocations and acts of terror in the rear of the federal troops."

The militants' headquarters says the order has already been made known to the subordinate field commanders.

The headquarters' spokesmen said that "any measures, including destruction, will be taken against those formations that disobey the order."

Tikhomirov on Statement by Maskhadov

LD0501121996 Moscow INTERFAX in English 1014 GMT 5 Jan 96

[FBIS Transcribed Text] GROZNYY, Jan 5 (INTERFAX) — "I do not respond to a gangster's statement" Lt. Gen. Vyacheslav Tikhomirov, the new commander of federal troops in Chechnya, said when asked to comment on the remarks made by Aslan Maskhadov, the chief of separatist militias in Chechnya, who had said that his men would cease attacking federal troops.

"There are numerous gangsters making statements here in Chechnya. It is not in my line of business to respond to each of them," Tikhomirov said.

"The republic has a legitimate government headed by Doku Zavgayev with whom federal units cooperate. I don't know any other leaders or military chiefs," Tikhomirov continued.

Asked by INTERFAX about reports that units of the 8th Corps had been moved from Volgograd into Chechnya, Tikhomirov said that such rumors obstruct the army from performing its duties in Chechnya.

Chechen Deputy Premier Welcomes Tikhomirov

LD0401152696 Moscow ITAR-TASS in English 1504 GMT 4 Jan 96

[By Nikolay Zagnoiko]

[FBIS Transcribed Text] GROZNYY, January 4 (ITAR-TASS) — Chechen First Deputy Prime Minister Abdula Bugayev welcomed Russian Lieutenant-General Vyacheslav Tikhomirov in the post of the commander of allied federal operations in Chechnya.

He said the appointment of the new commander is seen by the Chechen government as continuity of the policy laid down by the accord which had been drawn in Moscow by Chechnya's new leader Doku Zavgayev and Russian Prime Minister Viktor Chernomyrdin.

The accord stipulates principles of relations between Russia and its component republic Chechnya.

Bugayev said he had had a telephone talk with Tikhomirov and they reaffirmed commitment to cooperation.

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Tikhomirov assured the Chechen government that the federal forces would not give in to rebel provocations in areas of persisting tension.

Bugayev said composure is crucial now that the intra-Chechen dialogue was getting on the track in New Year days.

He said the Chechen government hoped for cooperation from the federal force command in the efforts to consolidate positive gains in the settlement process.

Tikhomirov, 50, has taken up the post today. His latest post was commander of a troop grouping whose task is to disarm rebel groups in keeping with an earlier decree by President Boris Yeltsin.

His educational record includes the Tashkent military command high school, the Frunze Military Academy and the military academy of the General Staff, from which he graduated in 1988.

Tikhomirov began service as platoon commander and moved to command of the battalion, regiment and division.

In April 1992, he was made chief of staff and first deputy to the commander of the Russian 14th army deployed in Moldavia's breakaway Dniester enclave.

He also served as deputy commander of the North Caucasian military district, beginning since May 1995, and in the ex-USSR's Western Army, Europe-stationed Central Army and in Odessa and Moscow military districts.

Married, with the son.

Military Leadership Reshuffle Viewed

MM0501100696 Moscow IZVESTIYA in Russian 5 Jan 96 p 1

[Report by Viktor Litovkin under the "Cadres" rubric: "About Shkirko and Tikhomirov, Who Have Been Promoted"]

[FBIS Translated Text] News agencies have reported a new year's news item from Groznyy. A Russian presidential edict has released 48-year-old Lieutenant General Anatoliy Shkirko from his post as commander of the Temporary Joint Forces in Chechnya and appointed him commander of the Russian MVD [Ministry of Internal Affairs] Internal Troops and deputy minister of internal affairs. Leadership of the Temporary Joint Troops in Chechnya has been entrusted to Lieutenant General Vyacheslav Tikhomirov, deputy commander of the North Caucasus Military District for combat training. Many observers have viewed this fact as a gamble by the federal leadership to resolve Chechen problems primarily by strong-arm methods.

Admittedly, in their first interviews after being appointed to their new posts, both generals resolutely sweep aside such assumptions. They maintain that there has been a planned replacement of commanders, as provided for in the agreement between the Ministry of Defense and the MVD, all the more so since the Internal Troops, OMON [special purpose police detachment] members, and Army units have always acted and will act on the territory of Chechnya in a coordinated manner and in accordance with a common plan.

All this is so and yet not quite so. Many observers recall that Lt. Gen. Anatoliy Shkirko, a native of Groznyy and a graduate of Ordzhonikidze Military School and the General Staff Academy, replaced Lieutenant General Anatoliy Romanov, the gravely injured commander of the Russian MVD Internal Troops, in the post of commander of the joint grouping. Under him the intensity of combat operations diminished somewhat, unless you count the attempts by Dudayev's followers to wreck the elections in the republic by seizing Gudermes. No large-scale troop operations involving Army units were conducted, again not counting the situation in the second largest Chechen city. Before 17 December, as the political moment demanded at the time, a gamble was being made on talks and a peaceful solution to problems. Admittedly, the Internal Troops' unsuccessful actions in storming Gudermes and the large human losses evidently demanded different methods and different leaders.

Now, observers believe, a new head of the republic has been elected in Chechnya, and a complex internal Chechen dialogue is under way and, in the Kremlin's opinion, will prove all the more successful the more it is backed up by military force. It is well known to the military, and not just to the military, that Lt. Gen. Vyacheslav Tikhomirov knows how to make decisive and sensible use of military force.

He was chief of staff of the 14th Army in Tiraspol at precisely the time when the new commander — Lieutenant General Aleksandr Lebed — arrived there, and together they "settled" the armed conflict between Moldova and the Dniester Region. It is well known to everyone how that happened.

Vyacheslav Tikhomirov served in the Dniester Region for three years, but then, in May 1995, some six weeks before the army's celebrated commander was transferred to the reserve, the 50-year-old lieutenant general was appointed deputy commander of the North Caucasus Military District and tackled the specific preparation and implementation of troop operations in

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Chechnya. Before being appointed commander of the Temporary Joint Forces, he was in charge of Army units which belonged to them there. Our sources report that his leadership was very tough.

The fact that strong-arm methods of resolving the Chechen problem must be activated appreciably in Groznyy, if not prevail there, is also confirmed by the fact that General Rokhlin has announced that the 8th Volgograd Corps is ready to come back to Chechnya to reinforce the Army grouping there. Even without words it is clear why soldiers and officers singed by last year's battles are needed in the fighting south of Russia.

Shkirko on Situation, Talks Prospects

LD0401191496 Moscow ITAR-TASS in English 1846 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, January 4 (ITAR-TASS) — General Anatoliy Shkirko, former commander of Russian troops in Chechnya reiterated on Thursday that there is nobody among Dzhokhar Dudayev's close associates with whom the federal command can conduct peace talks.

Shkirko was interviewed by the independent NTV television upon his arrival from Groznyy.

Earlier this week, Interior general Shkirko was replaced by Army general Vyacheslav Tikhomirov who took over the command of federal troops in the breakaway republic today.

Shkirko stressed that the appointment does not mean any changes in troops' strategy in Chechnya. According to a presidential decree, Interior Minister Anatoliy Kulikov remains supreme supervisor of the operation, he added.

Assessing personal qualities of the newly appointed Russian commander in Chechnya, Shkirko said that Tikhomirov is "a well trained and educated general, capable of taking and skillfully implementing tough decisions."

According to Shkirko, today in Chechnya troops are facing not ordinary criminals but well equipped and rather well staffed units of militants. That is why, in order to fight them successfully, troops need army weapons and equipment which interior units simply do not have.

Shkirko who was promoted to the Interior Troops commander, told NTV that Aslan Maskhadov, Dudayev's chief of staff, apparently masterminded the recent large-scale operation of rebels in Gudermes.

Maskhadov signed the agreement on the package of military issues of July 30, 1995, and was a guarantor of a peaceful settlement in Chechnya. But not a single item of those accords has been fulfilled by rebels so far, Shkirko stressed.

The general said he did not reject the idea of peace talks in principle, but he could not name a single prominent figure in Dudayev's entourage to speak to at the negotiating table.

Shkirko put the casualty toll in Gudermes at 62 killed and 13 missing from the Russian side and over 300 killed from among Dudayev's gunmen. The figures contradicted those supplied by NTV stating that 78 Russian soldiers were killed and 150 were wounded in Gudermes, whereas militants lost 40 people.

Rebels stormed into Gudermes on December 14 and attacked a Russian unit killing dozens of servicemen at once.

As a result of a large-scale military operation, rebels were ousted from the city.

Shkirko noted that operations against rebels in Chechnya could have been more efficient if military could only forget about civilians who often serve as a live shield for militants.

"We, military acting on the Russian territory, have to adjust our tactics and strategy in order to prevent casualties from among civilians," Shkirko said noting that if a true military operation was carried out, hostilities could have ceased long ago in Chechnya.

The Russian president sent troops in Chechnya to quell its independence bid in December 1994.

Shkirko Interviewed as New Deputy Minister

LD0501140296

[FBIS Editorial Report] Moscow NTV in Russian 1635 GMT on 4 January carries a 25-minute studio interview with Anatoliy Shkirko, newly appointed deputy minister of internal affairs and commander of the interior troops of the Russian Federation, by Leonid Parfenov for the "Hero of the Day" program. Shkirko up until recently was commander of the combined group of federal forces in the Chechen Republic.

Parefnov asks Shkirko if his appointment was a promotion. Shkirko replies: "As far as my appointment is concerned, I have been commander of the interior troops, deputy minister of internal affairs. Naturally that is a promotion. Prior to that I fulfilled the functions of first deputy commander of interior troops and chief of staff of the internal troops."

Asked what he thinks of Vyacheslav Tikhomirov, newly appointed commander of the combined group of federal forces in Chechnya, Shkirko says: "He is a well-trained

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and erudite general, capable of making hard decisions and of skillfully implementing them."

Asked if the turnover of commanders of the combined group of federal forces was not too rapid, Shkirko replies: "It is only a succession in troop leadership, not a change in Russia's policy, not a change in strategy or tactics in the actions of the federal forces."

Asked whom he sees as a real partner in possible Chechen talks, Shkirko replies: "I have said that there is no point in talks with [Aslan] Maskhadov, since it is difficult to say who is behind him and what he is in charge of; although, the events in Gudermes showed that he had a direct hand in planning and implementing that barbaric and inhumane act which was committed by mercenaries and gangs of bandits in the second biggest town in the Chechen republic. Just how influential Maskhadov himself is, well, one should judge not by words but by deeds. Looking at his actions, not a single clause of the agreement that he signed on 30 July has been implemented by the Chechen side. If one is to judge from his actions, the decree that he signed as chief of the main staff on a cease-fire and on this decree coming into force as of zero hours on 2 August has not been implemented. There have been exchanges of fire every day, in Groznyy, in western, eastern, and central directions, in all directions. I ask then who is Maskhadov in charge of if he signed a decree on a cease-fire yet there is still firing. Where are the forces that are subordinate to him?

The next thing, not a single organized illegal formation has laid down its arms or surrendered them. The question is — either Maskhadov does not intend to fulfill the agreement and is playing a double game or nobody is subordinate to Maskhadov and so he cannot disarm and surrender weapons, naturally provided he wants to implement the agreement. It was namely on the basis of this when I spoke of who talks should be held with."

Asked again whom he sees as a real partner in Chechen talks, Shkirko replies: "It is difficult to say today. It is difficult to say."

Asked if he thinks it would be useful to hold talks through an intermediary, and who that intermediary might be, Shkirko says: "I think that talks, any talks are better than war, any intermediary, but there was an intermediary — the OSCE mission. It knows the essence of that conflict well enough; it knows the people on both sides well enough."

Asked if he thinks Doku Zavgayev, recently elected prime minister of Chechnya, has sufficient influence to bring peace to Chechnya, which the Russian interior troops have been unable to do, Shkirko replies: "Well, what do you mean — have been unable to do? They have done so. After all, the situation in the Chechen Republic is under our control, under the control of Russian forces, both of the Ministry of Defense and of interior troops and of interior troop bodies."

He agrees that there was not complete peace yet in the republic and continues: "I am not speaking of 100 percent control. We are in control of the territory of the Chechen Republic. In any event, where there are federal forces, even in Gudermes, there were people on 1 January, local people who thanked the command for being able to see in the New Year in a calm situation, without any exchange of fire, or shooting, in a calm situation. In carrying out my duties, I often encountered Doku Gapurovich Zavgayev and I see him as a wise, well-balanced, and sensible politician, a wise leader. The results of the elections have shown how great his authority is."

Asked why he thinks the Chechen conflict has gone on for such a long time, Shkirko replies: "That can be explained to a large extent by the fact that we as military men, acting on our Russian territory, were forced to adjust certain issues of strategy and tactics to guarantee as far as possible the safety of innocent people, guarantee as far as possible the safety of peaceful civilians."

He continues: "If it had been carried out as an army operation, from A to Z, according to all the canons, with no regard for the losses among the civilian population, it might have been much shorter."

Asked about the losses in the attack on Gudermes, Shkirko says: "Sixty-two federal forces' servicemen died in Gudermes and 13 are missing. We have information that they were captured and we are taking measures to release them."

Asked about losses among Dudayev's fighters, Shkirko says: "According to our information, over 300 of them died."

Shkirko continues: "According to our information, the Gudermes operation was prepared a long time in advance." He says weapons were brought in in small batches at a time and hidden in certain places and Dudayev's men moved into the village in the guise of peaceful citizens with the aim of undermining the elections. He says according to the information he had, the "majority of the population took part in the elections, despite the threats and blackmail."

He says everybody in Chechnya was tired of the chaos there and that in voting for Zavgayev, the people have voted for stability and peace.

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Asked if he has done everything he could have done in Chechnya, Shkirko says "no." He feels there are still things to be done, but does not say what. Speaking of what he has done in Chechnya, he says: "The general strategic line was consistent and I think it was the right one."

Gantemirov Urges End to Confrontation

LD0401162496 Moscow ITAR-TASS in English 1616 GMT 4 Jan 96

[By Sharip Asuyev and Nikolay Zagnoyko]

[FBIS Transcribed Text] GROZNYY, January 4 (ITAR-TASS) — Chechen Vice Prime Minister Beslan Gantemirov called on Dudayev's supporters to cease armed resistance and participate in local parliamentary elections this spring.

"Today's confrontation may aggravate the tragedy of the Chechen people,' Gantemirov told Chechen TV on Wednesday evening.

Gantemirov, who was commander of the anti-Dudayev opposition force before the outbreak of the conflict, said he was ready to forgive all of his former adversaries and meet any of them in search of a peaceful solution of the Chechen crisis and for the sake of peace and accord in the republic.

There was no response from the Dudayev side to the peace appeal by the vice prime minister.

Zorin: Elections Lead to Regional Peace

LD0401154296 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX) — First Deputy Head of the Moscow-run Territorial Department for Chechnya Vladimir Zorin says parliamentary elections in the republic will lead to regional peace.

Chechen head Doku Zavagayev's proposal that general elections be held there later this spring "deserves to be considered by a round table conference of local parties and movements," Zorin said in an interview with INTERFAX on Thursday, adding that the poll would help set conditions for unifying the society which decided to embark on the road to peace.

Asked if Chechnya was to become a parliamentary or presidential republic, Zorin said it was up to the people to decide on this in a nationwide referendum.

He said the republic was in need of a strong executive, though the idea of presidency was "alien to Chechen mentality," let alone compromised by the so called Dudayev presidency.

On the latest appointment of a new Russian military commander in Chechnya, Zorin said this must not be taken as an attempt to try to step up operations by Russian troops. He described new commander General Vyacheslav Tikhomirov as being an experienced soldier and politician who "is capable of finding compromise solutions to hard questions."

Mikhaylov, Kovalev on Chechen Peace

MM0401135696 Moscow TRUD in Russian 4 Jan 96 p 2

[Unattributed report: "Will We See Peace in Chechnya?"]

[FBIS Translated Excerpt] Vyacheslav Mikhaylov, Russian Federation minister for nationalities affairs and regional policy:

With the holding of the elections of the head of the republic and State Duma deputies, a totally new situation creating the preconditions for stabilization of the situation has taken shape in Chechnya. The process that has begun must be completed by elections to the People's Assembly, which could be held as early as spring. If this happens, it could be that it will be possible this year to prepare and sign a treaty on the delimitation of spheres of responsibility between Chechnya and the Russian Federation.

I believe that this year the settlement process in the republic will gradually switch to the internal Chechen framework. Clearly, the entire burden of the negotiating process with the gunmen will shift onto the republican authorities.

I also think that on the basis of the Russian presidential edict providing certain legal guarantees to gunmen who voluntarily cease combat operations, it will be possible to switch the process of disarming the illegal armed formations onto a new track. Clearly, certain adjustments will be made to the agreement on the package of military questions already signed with the Dudayev side.

Of course, localized resistance by diehard Dudayev supporters will remain considerable and there will also be attempts to commit terrorist acts. But opposition to the gunmen on the part of Chechnya's population will also increase.

Sergey Kovalev, chairman of the Russian Federation President's Human Rights Commission:

When you try to put in a nutshell the course chosen by the federal authorities in Chechnya, you cannot help thinking of the Russian proverb: "By hook or by crook." I am also referring to the elections held there.

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There were blatant violations in the conduct of the elections. Russian Federation laws prohibit the holding of elections in a state of emergency. Admittedly, a state of emergency has not been declared in Chechnya, but one effectively exists, and in a very tough form too. Freedom of movement is restricted, the roads are blockaded, and the same goes for population centers too, including even Groznyy. In these conditions, if you are going to comply with legislation, elections cannot be held.

The peace talks have now reached a stalemate. Even a reduction in the military presence of Russian federal troops may unleash internal Chechen conflict.

What do I see as the way out? The public must raise the question of an end to the bloodshed in the toughest of terms. The social forces advocating peace must once again display activeness. I am speaking of the broadest circles of society that care about the fate of the country.

We must sit down again at the negotiating table, involving various political forces, which do indeed exist in Chechnya. We must abandon categorical political conditions. Indeed, Russia is saying: Chechnya is a Russian Federation component. Chechnya asserts: "We are a sovereign state." And what is the result? Talks take place about the status of Chechnya, but even before they begin ultimatums are presented. That is futile.

Elections in Chechnya are necessary, but only once a free expression of the people's will has been ensured. By March-April, by holding talks, we can secure a situation conducive to elections. Otherwise the outlook is tragic. [Passage omitted citing Academician Ibragimbeyli of Academy of Natural Sciences]

'Wholesome' Forces Urged To Talk Peace

MM0401155896 Moscow KRASNAYA ZVEZDA in Russian 4 Jan 96 p 3

[Report by Captain Aleksandr Antonyuk under the "Events and Commentaries" rubric: "Labazanov the 'Free Agent'"]

[FBIS Translated Text] What do people not say about Ruslan Labazanov in Chechnya. Some consider him to be a field commander who is a "free agent," others accuse him of having links with the federal forces, while others still describe him as a cunning and perfidious man who is dying to get into power.... Our nonstaff correspondent met with Ruslan Labazanov.

...A secure barrier made of concrete blocks protects the entrance to Labazanov's residence. There are gunmen on duty here around the clock. These people are around 30 years of age. They have a gallant appearance — they wear dark glasses, have machine-gun ammunition belts across their chests and grenades attached to their belts, and carry illumination flares. At the entrance a sentry checked my camera and explained somewhat apologetically: "It's our job."

Before Dudayev came to power, Labazanov headed the "Eastern Single Combat" firm that, it is said, controlled several of the city's districts. Leaving Krasnodar, Lab zanov, like many other Chechens, responded to Dudayev's call and returned to his native region. Instead of a cordial welcome, what awaited him was four months' imprisonment. Labazanov considers that they were checking to see how reliable he was, but there is another version of events. Labazanov was out of line with the Criminal Code and had at his tender age four convictions. It is difficult to work out where the truth lies. Nevertheless, after being set free, Ruslan continued for some time to support Dudayev until their paths finally diverged.

Some nine attempts were made on Labazanov's life during the Dudayev regime. They were at their peak during the fall of last year [as published], when there were five attempts to kill him: by blowing up his car, by mining the approaches to his house, and by shooting at him from around a corner. Once, it seemed, the terrorists were set to enjoy a 100-percent success. This was on 21 November 1994. A woman neighbor brought, as she put it, an urgent package to Ruslan's house. Then immediately drove off. One of the guards quickly ran with the package to the exit. There was a powerful explosion which destroyed a wall....

Labazanov himself fought Dudayev in a different manner. He had earlier put together a dossier that would make them "sit up not only in Groznyy but in Moscow too." This is partly confirmed by people who have seen certain video recordings with their own eyes.

"Take the women who are continually holding rallies in the squares and saluting Allah and Dudayev," Labazanov says. "These people receive dollars for doing that. Or another example. So-called self-defense detachments, police, OMON [special-purpose police detachments] were formed. And without exception they were Dudayev gunmen. How can you talk about disarmament under such circumstances? There are also wholesome forces in Chechnya. It is our task to bring them together. It is time for Avturkhanov, Basayev, Zavgayev, Khasbulatov, and others to stop pursuing different agendas. They should rather sit around the table for peace negotiations."

We are hearing demands from the Dudayev camp for the withdrawal of Russian troops from Chechnya. Labazanov considers this absurd and premature. First,

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the Russian Army is the guarantor of political stabilization. Second, who apart from it can carry out the disarmament of all the illegal armed formations? True, it is not, in his opinion, worth our while taking direct action here.

"This can be done very simply," Labazanov considers. "We enter a village with our detachment with cover from federal troops, explain things to the population, and I can guarantee that by the end of the day not a single bullet will remain there. We know the Chechens' customs, temperament, and traditions, and no one can do this better than we can."

[Antonyuk] "Ruslan, it is said that you are a lieutenant colonel in the FSB [Federal Security Service]...."

"I have never had anything to do with the FSB," Labazanov laughed. He went on to talk about the humiliation that the Dudayev regime had been preparing for people on the eve of the Russian troops' being sent into Chechnya. Three categories of passport had been prepared for the republic: white for the elite clans, brown for Chechens whose clans were not so influential and high-born, and black for low-born Chechens and non-Chechens.

...We spoke for a long time with Labazanov. Two things are troubling the master of the house. He was shocked by the attempt on General Anatoliy Romanov's life. Also during our conversation Ruslan left the room to wash out his mouth several times. Having noticed our bewilderment he explained with some embarrassment:

"From birth I only had 24 teeth, now the remaining ones have begun to grow, and there is simply nothing I can do....

Commission Assesses Gudermes Combat Damage

LD0401163496 Moscow ITAR-TASS in English 1431 GMT 4 Jan 96

[By Nikolay Zagnoiko]

[FBIS Transcribed Text] GROZNYY, January 4 (ITAR-TASS) — Chechnya's government commission has published the economic damage with which Gudermes, the second-biggest city behind Groznyy, has been left by the recent fighting.

The rebel invasion of Gudermes on December 14, to wreck Chechnya's leadership and Russia's nation-wide legislative elections, has triggered a new flare of combat with federal forces.

The fighting, which died down on December 25, has left Gudermes with the damage estimated at one trillion 660 billion roubles, 550 apartment houses in ruins and damage to some 3,000 buildings and to power, gas and road networks.

The figure of civilian casualties, now put at 200, remains to be further delineated, with account for the flood of refugees from the city in the days of hostilities.

The government commission said a reconstruction programme is underway in Gudermes. Cargoes of construction materials, a film to replace thousands of smashed window glasses and food are being brought in.

Several battered schools are to be reopened in January. The programme's focus is on the city's hospital and food and processing factories.

610,000 Refugees Since Conflict Began

LD0401132196 Moscow ITAR-TASS in English 1307 GMT 4 Jan 96

[By Liliya Kuznetsova]

[FBIS Transcribed Text] MOSCOW, January 4 (ITAR-TASS) — About 610,000 people have left Chechnya since the outbreak of the conflict. As many as 210,000 of them said they would never go back, sources in the press service of the Federal Migration Service told TASS on Thursday.

Approximately 487,500 out of the 610,000 received help they had applied for to the Service, the source said.

Branches of the Service have registered 101,000 people as forced migrants, according to the source.

During a spell of relative stabilisation in Chechnya, about 200,000 refugees were stationed there. Another 290,000 took shelter in Dagestan, Ingushetia, and Kabardino-Balkaria. Most of them are Chechens and Ingushes, the press service said.

Over 40,000 refugees, mostly ethnic Russians, are living in the Krasnodar and Stavropol territories, as well as Rostov and Arkhangelsk regions, the source said.

Another 70,000 Russian-speaking non-Chechens were sheltered in central Russia and Siberia, the press service said.

A sum of 115.8 billion roubles (25 million US dollars) were allocated to local migration services from the federal budget. Lump sum benefits, food, lodging, and travel expenses are being paid out of this money, the press service said.

The re-established Chechen migration service received 26.6 billion roubles (5.78 million US dollars), according to the source.

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The Migration Service is ready to provide help for those willing to return to their homes after the situation stabilises, its spokesmen stressed.

Krasnodar Appeals to Moscow for Aid in Landslides' Wake

LD0401163596 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] KRASNODAR, Jan 4 (INTERFAX) — Civil defense officials in Russia's southern Krasnodar territory have called on Moscow for aid to help eliminate the after-effects of recent floods and landslides caused by torrential rains in Novorossiysk, Gelendzhik, and Tuapse. Part of Novorossiysk was inundated and there is danger of the local dam being burst.

Our correspondent says operations are now under way to try to avert a possible landslide outside the village of Pshada, close to Gelendzhik. More than 400 families were evacuated quickly from the region, having to see in the New Year at local rest places.

The regional government has allocated 1.5 billion rubles in aid to prevent the landslide but the sum is insufficient, civil defense officials told INTERFAX.

Irkutsk Region Governor Extends Legislature's Powers

LD0501065096 Moscow ITAR-TASS in English 0618 GMT 5 Jan 96

[By Vladimir Khodiy]

[FBIS Transcribed Text] IRKUTSK January 5 (ITAR-TASS) — Yuriy Nozhikov, Governor of Irkutsk region, on Thursday [4 January] signed a law extending for two years the powers of the regional legislative assembly. The powers expire on March 27, 1996. A bill to this effect in the form of amendments to the Charter of the Region was passed at the beginning of December by 31 votes to 10 with one abstention.

The law also confirms the four-year powers of the Governor, the Mayors and Leaders of cities, districts, townships and other settlements elected two years ago. All branches of power in the region will now be elected simultaneously — not later than March 27, 1998.

A decision to extend the legislature's powers was made on the initiative of Yuriy Nozhikov, who pleaded the need to finalise "the process of shaping a legislative basis that is necessary for the functioning of the state-power and local self-government bodies in the region".

Yabloko, Communists Disappointed in KBR Election

964F0725A Nalchik GAZETA YUGA in Russian 29 Dec 95 p 1

[Article by Sergey Pavlov: "After the Elections"]

[FBIS Translated Text] Yuriy Bednev, deputy chairman of the Kabardino-Balkaria branch of Yabloko, expected somewhat different results from the latest elections to the State Duma. "I thought that our bloc would garner about 10 percent of the votes throughout Russia," he said. "We hoped for 5-6 percent in the KBR [Kabardino-Balkar Republic]."

The republic branch of Yabloko was organized recently, and Yuriy Bednev attributes Yabloko's small number of votes in the KBR to the absence of well-coordinated organizational contact with the central organization. He also thinks that it is impossible to compare the 1993 and the current elections, inasmuch as in 1993 the "party in power"—the Russia Is Our Home movement—did not exist.

Despite the fact that the Yavlinskiy bloc overcame the 5 percent barrier, Yuriy Bednev came off a loser. Yabloko promised to pay its candidates all expenditures for the pre-election campaign, but to date it has not done so. "All the money came out of my own pocket, and I borrowed from friends, relying on the promise. Now I will have to pay off my debts to the detriment of my family. Depending on the resolution of this question, and whether Yabloko's future position corresponds to my own, I will decide whether to remain in Yabloko or not," said Yuriy Bednev.

According to Magomet Magometkhanov, deputy chairman of the Communist Party of the KBR, the republic Communists expected to receive no less than 35 percent of the votes in the elections.

"Our confidence became stronger when Boris Chabdarov, summing up the preliminary results, said in a radio speech on 18 December that the Communist Party was leading by a wide margin. But we were surprised when we learned that Russia Is Our Home had won in the KBR. The proportion of votes in Nalchik given to the Communist Party and Russia Is Our Home was 28.2 percent and 15.1 percent, respectively. In Prokhladnyy, 19.8 percent and 1 [illegible number] .4 percent. In Mayskiy Rayon—23.3 and 14.36 percent, in Prokhladnenskiy Rayon—26.4 and 6.7 percent, in Cherekhskiy Rayon— 32 and 15.9 percent, and in Elbrusskiy Rayon—34.1 and 6.6 percent. Approximately the same kind of correlation should also have occurred in other regions of the republic. These, in the main, are

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agrarian rayons where people have not been paid wages for many months now.

"We want to appeal to the Central Electoral Commission to conduct an electoral audit of the results of the elections with our participation," Magomet Magometkhanov said.

Balkar People's National Council Chosen

964F0725B Nalchik GAZETA YUGA in Russian 29 Dec 95 p 1

[Article by Sergey Pavlov: "New NSBN Staff Elected"]

[FBIS Translated Text] The fourth phase of the first congress of the Balkar people took place on 23 December in the Balkar theater building.

The entire staff of the NSBN [National Council of the Balkar People] headed by its chairman, Sufiyan Beppayev, submitted its resignation. The congress elected a new National Council staff. In the words of Sufiyan Beppayev, this was done in order to rid the NSBN of its extreme right-wing and extreme left-wing members and to put a stop to confrontation.

The previous NSBN staff had 41 persons, the present staff– 27. Sufiyan Beppayev was again elected chairman of the NSBN by a majority of the votes.

As the chairman of the NSBN explained to GAZETA YUGA correspondent, the delegates of the first congress of the Balkar people do not want to close it until the tasks set at the first phase of the congress are accomplished. Until that time, all congresses of the Balkar people will be named phases of the first congress. The term of the conduct of the next phase was not stipulated at the congress. According to a statute adopted by the congress concerning the NSBN, the National Council itself can convene a special congress.

Karachayevo-Cherkess, Federal Law Conflicts Viewed

MM0401164596 Moscow ROSSIYSKAYA GAZETA (Documents Section) in Russian 4 Jan 96 p 5

[Article by Umar Gaguyev, senior assistant to the Karachayevo-Cherkess Republic prosecutor and senior justice adviser, under the "Law" rubric: "Impact of Prosecutor's Oversight and Protest"]

[FBIS Translated Text] The complexity of, and contradictions between, the legislation of Russia and that of its components are, I think, most obvious in the republics of the North Caucasus. I base my judgment on the methods used by the Karachayevo-Cherkess Republic Prosecutor's Office in observing the Russian Federation Constitution and preventing contradictions between the republic's laws and federal legislation.

In recent times in our republic many sociopolitical organizations and movements formed on ethnic lines (and there are 110 nationalities in the republic!) and certain extremists, in pursuit of increased political popularity or in order to win official portfolios, have increasingly begun to hold all sorts of unauthorized rallies and gatherings of citizens and all kinds of congresses at which decisions have been sometimes adopted which could have disturbed the situation in the republic. This in fact almost did happen at the end of the year. Things very nearly reached the point of mass disturbances.

But, thank God, they did not. And no little thanks for this, I believe, are due to the republic prosecutor's office, which has stepped up its oversight work considerably. Our officials constantly attended all these citizens' rallies and gatherings and congresses of public movements and parties. The initiators of these measures often had to be invited to the prosecutor's office and given the appropriate talk in order to bring their activity in line with the law. The mass media were also widely used to give a legal appraisal of all violations of laws, to protest some of them and to bring legal action in the case of others.

Thus, when the congress of the Cherkess people adopted a resolution "On Restoring the Cherkess Autonomous Oblast as Part of Stavropol Kray," we immediately spotted the contradictions between this decision and Article 65 Point Two of the Russian Federation Constitution. The prosecutor's office sent a petition to the court to have this resolution deemed invalid, after which the court's decision was widely published.

However, this proved to be insufficient. The congress' illegal decision still found a large number of supporters at local level. In the village of Zelenchukskoy, for example, the head of the local administration (he is also hetman of the village Cossack circle) held a gathering of the villagers in support of the unconstitutional idea. We then proposed that the rayon prosecutor should immediately make representations to the head of the rayon administration about the violations of the law that had been committed, which he at once did. The administration chief satisfied the demands of the prosecutor's office. I think that this is an example of effective intervention by the prosecutor's office at grassroots level, so to speak, whereby conflict was resolved in a civilized way by purely legal methods.

But the extent of our influence is far wider. Republic prosecutor A. Kudzhev made representations to

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Karachayevo-Cherkess Republic [KCR] leaders — the chairman of the Council of Ministers and the chairman of the KCR People's Assembly — on the shortcomings of the work of the Ministry of Justice, the MVD [Ministry of Internal Affairs], and the heads of the republic's city and rayon administrations on a range of questions concerning interethnic relations. These representations were examined at an expanded session of the republic Council of Ministers. Our prosecutor also delivered an extensive report on these questions at this session. The Council of Ministers then demanded that heads of city, rayon, and village administrations should not allow the holding of unauthorized events aimed at destabilizing society, and instructed the republic Ministry of Justice to tighten up monitoring of compliance with existing legislation.

It must be remarked that the republic legislative organ has also not been entirely blameless. Thus the KCR People's Assembly adopted a law "On the Procedure for Applying the Russian Federation Law 'On the Rehabilitation of Victims of Political Repression'" with regard to citizens of Karachay nationality in the KCR, and a decree on bringing this law into force. We examined these documents and found that they both contradicted the Federal Law "On the Rehabilitation of Victims of Political Repression." They established an independent procedure for the formulation and issuing of rehabilitation documents. The federal law charged the MVD organs with this function, while the republic law entrusted it to the local executive powers, that is to say, it confused the procedure for applying the law and hindered the internal affairs organs from fulfilling their duties. Moreover, this law was adopted not at a session of the People's Assembly, but by poll [oprosnym putem], which also contravenes standard practice.

The prosecutor appealed to the republic Supreme Court. In the upshot the law was repealed and legality triumphed. All this was widely reported in the republic press.

The sociopolitical situation in the republic has stabilized and at the present time is entirely controllable. It is not without cause that I suggest that thanks here are due to the prosecutor's office oversight, both over complaince with existing legislation, and over legislation at local level.

At the same time, the aforementioned republic law contravened not only the federal law, but also the Russian Federation Constitution itself, under Article 71 Point "a" of which amending federal laws and monitoring compliance with them is the prerogative of the Federation itself, and not that of its components. Here the Constitutional Court should have its say as well. But there is no such court in the republic, and when this situation was unfolding the Russian Federation Constitutional Court in Moscow was not functioning. And even if it had been operating, it would hardly have intervened, since only the republic authorities themselves, not the prosecutor's office, could have applied to it. The prosecutor's office does not have this right under the Constitution. That is a pity! Those who have themselves violated constitutional norms will hardly go and appeal against themselves, although they have the right to do so. But those who are vested with oversight functions and see these violations cannot do so.

I think that this is simply the result of incomplete work, lack of forethought, and the consequence of haste in the adoption of the Constitution, when it was simply impossible to provide for the great diversity of conflict situations. In order to correct this, in our view, it is necessary to introduce amendments to Article 125 of the Russian Federation Constitution and Article 84 of the Law "On the Russian Federation Constitutional Court," stipulating the right of the Russian Federation General Prosecutor to appeal to the Constitutional Court to request verification of the constitutionality of laws and other statutory acts of the federation components. And in the law "On the Russian Federation Prosecutor's Office" provision should be made for the right of the republic prosecutors to monitor and to protest the laws and other statutory acts of the federation components and for the procedural possibility of appealing to the court on these questions.

Economic Issues

Regulators Other Than Currency Corridor May Be Used

LD0401155496 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, January 4 (INTERFAX) — The Russian government may resort "to currency regulators other than the currency corridor," Economics Minister Yevgeniy Yasin declared at a news-conference in Moscow Thursday [4 January].

The dollar peg was fixed at 4550-5150 rubles in Russia for the first half of 1996.

Recalling that December's 3.2 percent rate of inflation in Russia was the lowest over the last three years of reform, Yasin said the cabinet was resolved to continue its anti-inflation drive this year.

Although industrial production declined 3 percent, gross domestic product shrunk by 4 percent, and the population's real cash income fell by 8 percent in Russia last

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year, the government will try to compensate the population for these losses in 1996, Yasin said.

As a positive sign, he referred to a reduction in the gap in living standards between the 10 wealthiest and 10 poorest Russians from 15 times in 1993 to 13 times in 1995.

The Russian government has drafted a decision in support of Russian exports to be signed by Prime Minister Viktor Chernomyrdin at an early date, Yasin said.

Deputy Finance Minister Comments on Draft Tax Code

LD0401160696 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] MOSCOW, Jan 4 (INTERFAX-FIA) — The general part of the Russian Tax Code, adopted by the government in mid December and finalized by ministries and departments, will be forwarded to the Ministry of Justice once again to be finally coordinated before January 11.

The Finance Ministry hopes that the draft of the first part of the Tax Code will be submitted to the newly-elected State Duma before the Duma convenes for its first session scheduled for January 17, the Financial Information Agency learned from Deputy Finance Minister Sergey Shatalov, who leads the group of experts working on the document.

"The full text of Russia's Tax Code consists of four parts; the first - general part - lays legal foundations for tax relations and defines the basis of the process of taxation," Shatalov said. The draft provides for reducing the number of taxes, easing the general burden of taxation, creating tax courts, and forming "more fair relationships between taxpayers and taxation agencies."

The remaining three parts — federal taxes, regional taxes and local taxes — will be devoted to the concrete procedure of taxation on corresponding levels. The three parts will be submitted to the government at the end of the first quarter of this year, Shatalov said.

He believes that the State Duma will adopt the Tax Code before the end of this year, and that the Code will come into force as a law on January 1, 1997.

Tax Collections Treble in 1995

LD0401161496 Moscow ITAR-TASS in English 1420 GMT 4 Jan 96

[By Irina Bolshova]

[FBIS Transcribed Text] MOSCOW, January 4 (ITAR-TASS) — More than 142 trillion roubles of tax revenues came to Russia's treasury in 1995, three times more than the previous year, tax officials told ITAR-TASS on Thursday.

It was not only inflation that accounted for the increase. It was also better work of tax services, wider propaganda of the taxation laws and improved information service for taxpayers, the officials said.

The tax collections were 4.5 trillion roubles more than the target figure of the federal budget approved on December 27, 1995.

Economics Ministry Forecasts Inflation Rates for 1996

MK0401151196 Moscow NEZAVISIMAYA GAZETA in Russian 4 Jan 96 p 4

[Unattributed report: "An Inflation Forecast"]

[FBIS Translated Text] The main objective of the Russian government's economic policy in 1996 will be financial stabilization and bringing the monthly rate of inflation in the country down to 1-2 percent, Russian Federation Economics Ministry experts say in a forecast for the country's development in 1996. During 1996 the following price dynamics are predicted: In the first quarter, an average monthly growth of 3-4 percent; in the second quarter, 1.8-2 percent a month; and in the third and fourth quarters, 0.8-1 percent. Inflation in the first quarter will be influenced by a somewhat accelerated growth in prices for natural monopolies' products, which were frozen in late 1995, and tariffs for public utilities and transport services following a reduction of state subsidies. Tough price growth limitations will be imposed on agricultural, consumer goods, and nonferrous metal producers because their prices on many types of products have already exceeded world prices. Another Economics Ministry forecast option envisions inflation at an average monthly rate of 3.5 percent as a result of a possible softening of monetary policy in early 1996. In the first three months, inflation rates will average 6 percent. In the second quarter inflation will abate, its rate falling to 4 percent a month. In the second half, they will not exceed 2 percent, and by the end of the year, 1.5-2 percent a month. In the first half, the government may allow natural monopolies to raise their prices, which will provoke a sales crisis and production decline primarily in manufacturing sectors.

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Inflation Record Low in Dec at 3.2 Percent

LD0401131196 Moscow ITAR-TASS in English 1245 GMT 4 Jan 96

[By Artem Protasenko]

[FBIS Transcribed Text] MOSCOW January 4 (ITAR-TASS) — Inflation in Russia was record low in December at 3.2 per cent, however the industrial slump continued in 1995 and a further drop in the Gross Domestic Product (GDP) was reported, according to Economics minister Yevgeniy Yasin.

He told TASS on Thursday that the GDP dropped four per cent compared to 1994, while the industrial slump was "somewhat lower".

"The results of 1995 correspond to the forecasts in general", Yasin said.

The 3.2 per cent inflation rate in December corresponded to the forecast of first deputy premier Anatoliy Chubays who predicted that the figure will be below the 3.5 point.

In January 1995 inflation was registered at 18 per cent and was down to 4.7 and 4.5 per cent in October and November correspondingly.

The 1996 budget envisages the average monthly inflation rate of 1.9 per cent.

Economics ministry experts predicted to TASS on Thursday that inflation would be 3-4 per cent in the first quarter of 1996, would decrease to 1.8-2 per cent in the second quarter and further to 0.8-1 per cent in the second half of the year.

Banks Stripped of Licenses To Do Business

MK0401143396 Moscow NEZAVISIMAYA GAZETA in Russian 4 Jan 96 p 4

[Unattributed report under the "In Short" rubric: "In Russia, 221 Banks Stripped of Licenses"]

[FBIS Translated Text] A total of 221 Russian banks were stripped of their licenses to carry out banking operations by the end of 1995, the press service of the Association of Russian Banks (ARB) has announced. According to ARB President Sergey Yegorov, what can be pointed out among objective difficulties facing the banking business is the continuing crisis of nonpayment, which, in his words, has reached about 300 trillion rubles. He also noted that the taxes imposed on the banks are excessive. "Local taxes counted in, their burden sometimes reaches 70-80 percent, while the Russian Central Bank still keeps the size of mandatory reserves at 20 percent, for which reason banks simply go bust in such conditions," Sergey Yegorov explained.

No Major Winter Loss of Crops Expected

MM0401135496 Moscow SELSKAYA ZHIZN in Russian 4 Jan 96 p 8

["Agrometeorological Forecast" by Tamara Maksimenkova, chief specialist at the Russian Federal Service for Hydrometeorology and Environmental Monitoring Agrometeorological Forecasting Department: "Crops Reliably Protected"]

[FBIS Translated Text] In December short-lived frosts gave way to a protracted thaw. The maximum air temperature did not rise above plus 2-5. It was only at the end of the month in Krasnodar Kray, southern Rostov Oblast, and the republics of the North Caucasus that it reached plus 10-15. Winter grain crops at this time resumed growth, which is favorable for the crops. Some reduction in unerupted [nevzoshedshiye] crops is possible here.

In the southern Central Chernozem and Volga Regions frosts reached 17-23 degrees on some days in the second 10-day period in December. The snow cover in the fields was not deep. And the soil did not freeze through to a deep level. Therefore the minimum temperature at winter crops' tillering node depth stayed at around minus 5-7 and only in places dropped to minus 9-11, which posed no danger to crops.

Throughout the rest of European Russia the coldest weather set in at the end of the month. In the northern half of the area frosts reached 25-28 degrees on some days, with 30 degrees and below in the southern Urals. But winter crops here were covered by a layer of snow, which reliably protected the crops. And the soil did not freeze to a great depth. By the end of the month over the bulk of this area the soil had frozen to a depth of 20-40 cm.

The soil froze to the greatest depth (40-60 cm) in northeast European Russia.

The distribution of snow cover this year is also out of the ordinary. In northeastern Russia over most of the month it was around 20 cm deep and in late December increased in places to 25-30 cm. But it is nonetheless below the norm. With that level of snow cover the recorded frosts posed no danger to winter crops. The minimum soil temperature at winter crops' tillering node depth stayed at around minus 3-5, or minus 6 in places.

In northwest European Russia the snow layer reached a depth of 35-45 cm, with over 45 cm in places. That is considerably above the norm (1.6-2.0 times). Soil under this blanket of snow froze through (to a depth of 5-15 cm), but in some places the soil thawed. In some places here conditions were created for the winter crops

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to perish under the snow in the spring. However, the area sown to winter crops is not large in those areas.

Over the bulk of Siberia the average air temperature for most of the month was above the perennial mean. Throughout the month as a whole it was 2-5 degrees above the norm virtually everywhere and in Krasnodar Kray and Irkutsk Oblast it was even 7-9 degrees above the norm. Winter crops over the bulk of the sown area were securely protected from frost by a layer of snow. The minimum soil temperature at tillering node depth stayed at around minus 5-8.

In northeastern Altay Kray owing to uneven snow cover the soil temperature at tillering node deputy dropped to minus 19, which does pose a danger to underdeveloped crops.

According to the forecast, this year the average monthly air temperature is expected to be 1-3 degrees below the perennial mean in northern European Russia and West Siberia.

The perennial mean temperature in the North Caucasus, the Lower Volga, the southern Caucasus, the eastern Urals, and southern East Siberia and the Far East is expected to be one to two degrees above the norm. It is expected to be close to the norm over the rest of the area.

Monthly precipitation over most of Russia is forecast to be close to the perennial mean. In the Central Region (barring the northern oblasts), the Central Chernozem and Volga-Vyatka Regions, Rostov Oblast, Krasnodar Kray, the Middle Volga, and Urals average monthly precipitation is expected to be above the norm.

The level of precipitation in Arkhangelsk Oblast, southern Krasnodar Kray, and Tyva is below the perennial mean.

Thus the forecast indicates that in January overwintering of winter grain crops over the bulk of Russian territory will proceed well. Large areas of winter crops are not expected to suffer winterkill. In the North Caucasus at certain times of the month winter crops may resume growth. There will be fewer areas with unerupted crops.

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International Affairs

U.S., Russian Defense Chiefs Arrive for Talks

LD0401124996 Moscow ITAR-TASS in English 1234 GMT 4 Jan 96

[By Mikhail Melnik and Raisa Stetsyura]

[FBIS Transcribed Text] KIEV, January 4 (Itar-Tass) — U.S. and Russian Defence chief, William Perry and Pavel Grachev, arrived in Ukraine on Thursday for a two-day official visit at the invitation of Ukrainian Defence Minister Valeriy Shmarov. History's first tripartite closed-door meeting of the Defence chiefs of the three countries is due to be held later in the day.

The Defence chiefs are planning to discuss matters concerning the enactment of the Treaty on the limitation and reduction of strategic offensive arms, review the implementation of the tripartite Agreement, signed on January 14, 1994, on a withdrawal of strategic nuclear forces from Ukraine's territory, a spokesman at the Ukrainian Defence Ministry press service has told Itar-Tass.

In addition, the three Defence chiefs are to consider a wide range of European security issues, including the situation in Bosnia, participation in NATO's Partnership for Peace programme, and review the implementation of the Treaty on Conventional Forces in Europe (CFE).

The Ukrainian side fully adheres to its obligations concerning nuclear disarmament, a Ukrainian Defence Ministry spokesman has told Itar-Tass.

As of the beginning of 1994, about 1,300 ICBM warheads, more than 600 air-launched cruise missile warheads and 176 ICBM launchers were deployed on the country's territory. This was the world's third most powerful nuclear missile arsenal.

But already last year, Ukraine deactivated about 90 per cent of missiles, including all RS-22 ones and 80 RS-18 missiles. The removed ICBM warheads are being transported to Russia according to a time-table approved by the governments of the two countries.

A full-scale elimination of missile silo launchers is due to begin this year. The destruction of one of them is to be watched by the U.S. and Russian Defence chiefs in Pervomaysk, Nikolayev region. They will also attend a ceremony to open a 125-cottage military township built there on U.S. funds.

On Thursday William Perry and Pavel Grachev are to hold talks with Ukrainian President Leonid Kuchma, Defence Minister Valeriy Shmarov and Foreign Minister Hennadiy Udovenko, a Ukrainian Defence Ministry spokesman told Itar-Tass. Grachev is also due to deliver a report at the Armed Forces Academy of Ukraine.

Perry-Shamrov-Grachev Meeting Reviewed

WS0501083996 Kiev INTELNEWS in English 0630 GMT 5 Jan 96

[By Iryna Kotova, "Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, Jan. 4 — The top defense officials of Ukraine, the United States and Russia met face-to-face in Kiev Thursday and later announced that nuclear disarmament is proceeding largely on schedule.

In addition, the three reaffirmed their willingness to cooperate on Bosnia, with Defense Minister Valeriy Shmarov confirming Ukraine's intention to participate in the NATO-led Implementation Force designed to enforce the peace deal recently signed by the country's warring factions.

Disarmament, however, remained in the forefront, as Shmarov, U.S. Defense Secretary William Perry and Russian Defense Minister Pavel Grachev reviewed the progress made toward reducing Ukraine's nuclear stockpile. The three plan to give a graphic demonstration of this progress Friday, when they observe the destruction of an SS-19 missile silo near Pervomaysk, in Mykolayiv oblast.

As a result of the Trilateral Agreements signed between the presidents of United States, Russia and Ukraine in January 1994, Ukraine has dismantled and withdrawn all but 26 percent of the nuclear weapons on its territory, Russian Defense Minister Pavel Grachev told journalists Thursday in Kiev.

According to Grachev, Russia is in 90 percent compliance with the Trilateral Agreements' stipulation that Russia supply Ukrainian nuclear power plants with fuel in return for the dismantled weapons. Grachev said that the remaining "small problems" needed to be ironed out by the Russian Nuclear Energy Ministry.

Commenting on the Trilateral Agreements, Perry said that the "three states can be proud of what they've done." He added that the "United States is proud of having contributed to achieving peace and stability in the world."

Shmarov named trilateral agreements signed in January, 1994 as an "event which became a turning point intensifying nuclear disarmament".

According to Grachev, problems still remain to be ironed out between the Russian and Ukrainian defense establishments.

Ukraine and Russia have yet to agree on the price tag for a Ukrainian sale of 19 TU-160 strategic bombers and 32 SS-19 missiles that had been agreed to in November negotiations between him and Shmarov.

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the Russian defense minister said, adding that the two countries "will work out a formula of mutual settlements." In the meantime, not everybody in Ukraine was happy, as nationalist groups expressed reservations about disarmament on patriotic grounds..

The Congress of Ukrainian Nationalists (CUN) released a statement Thursday protesting against plans to destroy missile silos, saying that they "don't meet Ukraine's interests."

"CUN always opposed the total nuclear disarmament of Ukraine, especially taking into consideration the Russia government's constant pressure," the statement said.

According to the statement, CUN believes that the "physical destruction of missile silos — complicated engineer facilities — isn't a balanced decision."

Stepan Khmara, Ukrainian Conservative Republican Party leader, said several days ago that he would go to Pervomaysk and risk his life to preventing destruction the missile silo destruction.

Shmarov, commenting on Khmara's statement Thursday, said that he (Khmara) "should value his life."

"But Ukraine should carry out the obligation it took upon itself to destroy 36 percent of its launch silos," he said, adding that the possibility of using the remaining silos will be examined by a special commission.

Shmarov, Grachev Hold Talks

LD0401175096 Moscow ITAR-TASS in English 1541 GMT 4 Jan 96

[By ITAR-TASS correspondents Mikhail Melnik and Raisa Stetsyura]

[FBIS Transcribed Text] KIEV, January 4 (Itar-Tass) — Russia and Ukraine have a single approach to problems of European security and the Bosnian problem, said the Defence Ministers of the two countries, Valeriy Shmarov and Pavel Grachev, after bilateral talks in Kiev on Thursday.

Shmarov declared that the talks predominantly focused on the results of the implementation of a tripartite agreement signed by the Ukrainian, Russian and U.S. Defence Ministries. According to Shmarov, the tripartite agreement on the withdrawal of strategic nuclear forces from the territory of Ukraine signed on January 14, 1994 "heralded a phase of nuclear disarmament."

According to the Ukrainian minister, during the meeting the sides reported about the fulfillment of their commitments and signed a plan for bilateral cooperation in 1996. "We have looked through our commitments and arrived at the conclusion that our relations had been activated in a positive sense," Shmarov said. However, he believes that the situation in this field is far from being "cloudless." Therefore, Shmarov and Grachev have made amendments to this plan, but declined to "decipher" them in detail.

Grachev and Shmarov declared that Russia and Ukraine maintain positive relations with the U.S. Defence Department. "There something we have to discuss during today's tripartite meeting with William Perry," the two ministers said. The Russian and Ukrainian defence ministers pointed out that they intend to discuss a wide range of problems of European security, including the situation in Bosnia, participation in NATO's Partnership for Peace programme and issues of the implementation of the CFE [Conventional Armed Forces in Europe] treaty.

The Russian defence minister confirmed that nuclear warheads were being removed from Ukraine as scheduled. According to Grachev, 26 percent [adding percentage] of nuclear warheads remain in Ukraine now pending transportation to Russia. The Russian minister explained that the removal of the nuclear warheads was partially delayed because of late supplies of nuclear fuel to Ukrainian nuclear power stations by the Russian Nuclear Energy Ministry in return for the nuclear warheads withdrawn from Ukraine. Nevertheless, Grachev assured that this problem would be resolved at a government level.

Touching upon the problem of the division of the Black Sea fleet and its property, Grachev declared that this problem had been resolved 90 per cent. The Russian minister believes that only minor issues remain unresolved, including gasoline and lubricate materials and the preparation of the fleet's facilities for winter. Grachev stressed that the settlement of this problem was in the competence of the fleet's commanders, admirals Baltin and Bezkorovaynyy. Grachev said that the two fleet commanders are to report about their work to representatives of the Ukrainian and Russian Defence Ministries who will meet in the Carpathians in March to discuss the report of the fleet's commanders and draw their conclusions.

As regards Russia's buying Ukrainian-made bombers, Grachev said that the sides had failed to come to terms about their price yet. "We have decided to draw a general formula for the evaluation of the equipment and then attend to matters of the sellout," Grachev said.

After the talks, the Russian defence minister addressed the Ukrainian Academy of the Armed Forces and reported about Russia's stance on the Bosnian problem.

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Grachev Hopes for Better Relations

LD0401153296 Moscow INTERFAX in English 1322 GMT 4 Jan 96

[FBIS Transcribed Text] Kiev, January 4 (Interfax - Ukraine) — Russian Defence Minister Pavel Grachev has voiced hope for "much better" relations between the Defence Ministries of Russia and Ukraine in the new year.

"I hope for fairer relations and greater mutual understanding than was the case last year, particularly in 1993-1994", he told newsmen upon arrival in Borispol airport of Kiev Thursday.

Answering a question from an IF-U [INTERFAX-UKRAINE] correspondent on prospects for cooperation in 1996, P.Grachev noted that they already took shape last November at Sochi. "Literally right after the signing of the basic eight papers, the aides to the two Defence Ministers launched an intensive bilateral effort for their practical implementation", he noted.

According to P.Grachev, in the course of the bilateral meeting with Ukrainian Defence Minister Valeriy Shmarov today, it is planned to sum up the first results of their joint efforts. According to the Russian Defence Minister, "the results are quite positive and we are gratified by them".

The Ukrainian Defence Minister has agreed, "on the whole" with the appraisal given by his Russian counterpart, yet, he noted, cooperation "is not unblemished".

In his turn, Grachev observed that "it cannot be unblemished. They are ordinary people, who failed to understand one another for a number of years, but now they have found themselves in a situation when they should understand one another," he noted.

According to Pavel Grachev, should there be "some uncoordinated actions, both Defence Ministers will intervene and clarify the knotty points, but if we do not manage to do so, our Prime Ministers and our Presidents will have to put things right," the Russian Defence Minister said.

Grachev: Peacekeepers Ready for Bosnia

LD0401150396 Moscow INTERFAX in English 1319 GMT 4 Jan 96

[FBIS Transcribed Text] KIEV, Jan 4 (Interfax - Ukraine) — A Russian contingent to take part in a current peacekeeping operation in Bosnia is being prepared for its mission in full accordance with the agreed schedule, Russian Defense Minister Pavel Grachev said on Thursday.

Only one point remains unsettled - Russian participation in the operation has still not received final approval from the Federation Council, Russia's upper house of parliament, Grachev told reporters at Kiev's Borispol Airport as he arrived in Ukraine for a routine visit.

But he expressed the hope that all matters would be settled by January 10.

During his two-day stay in Ukraine, Grachev is due to meet Ukrainian Defense Minister Valeriy Shmarov and U.S. Defense Secretary William Perry.

Deputy PM on Relations With Russia, Economy

WS0501090096 Lvov POST-POSTUP in Ukrainian 13-19 Dec 96 p A6

[Interview with Deputy Prime Minister Viktor Pynzenyk by Viktor Tymoshenko; place and date not given: "Deputy Prime Minister Viktor Pynzenyk on the State of Affairs and Prospects for Ukrainian-Russian Relations" — first paragraph is POST-POSTUP introduction]

[FBIS Translated Text] A scientific conference held in Moscow under the title "Postcomunist Transformation: Five Years of Experience" was organized by the Institute of Economic Problems of the Transformation Period. The director of this institute, Yegor Gaydar, managed to gather in one room renowned economists who deal with the implementation of economic programs in theory and in practice in East European postcommunist countries and on the territory of the former USSR from almost all the CIS countries and a number of European and Asian states. A participant in this conference, Ukraine's Deputy Prime Minister Viktor Pynzenyk, gave an interview in Moscow to POST-POSTUP's correspondent Viktor Tymoshenko.

[Tymoshenko] Mr. Pynzenyk, we have already reached the month of December, which is the last month of 1995. Do you think that everything has been done in the area of Ukrainian-Russian relations during 1995? Are you not haunted by pessimistic thoughts when you think about the prospects for an economic dialogue between Ukraine and Russia?

[Pynzenyk] Naturally, there have been unresolved problems in the political area which have an impact on Ukrainian-Russian relations. However, the economic processes which are under way in Ukraine dealing with financial stabilization, as well as with the conversion of the karbovanets exchange rate, have spurred economic cooperation between Russia and Ukraine. Currently the volume of [Ukraine's] exports is increasing, while the volume of imports is diminishing.... The interesting point is that all this is happening at the expense of energy resources, and due to various reasons

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the consumption of expensive Russian energy resources has been reduced. No, I am not pessimistic. Moreover, everyone says that economic relations and the trade turnover between Russia and Ukraine will increase.

[Tymoshenko] According to certain estimates, trade and economic relations between Russia and Ukraine have been built on the basis of barter, which constitutes 70 percent of the total turnover. Do you not think that this is not an effective form of trade relations, and second, that this is a way to evade taxes? How, in your opinion, can this problem could be resolved?

[Pynzenyk] The resolution of this problem is very complicated. We "love" barter not only because it provides the possibility to evade taxes. If we look at any kind of barter contracts they amount to the outflow of capital, which is a powerful and negative factor hindering the process of reform. How does barter work? Commercial institutions deal with barter on Russia's part; meanwhile, in Ukraine this lies in the state organizations' competence. State farms exchange corn for gasoline. The point is that we have free access to the [commodity] exchange in Ukraine, where the interests of all sides can be observed, and guarantees for receiving any kind of currency, including Russian, can be provided.

[Tymoshenko] What is your attitude toward the Russian initiative to create a CIS customs union?

[Pynzenyk] There is no need to create a customs union. Even if there were some problems, they have been resolved by now. What an impetus Ukraine gave in 1995 to develop mutually profitable trade and economic relations! We have introduced the conversion of the karbovanets and exempted limits for export. We also lifted quotas and licenses. Meanwhile, export has increased and for the first time, the Ukrainian economy has the opportunity to purchase the necessary commodities. Thus, we have stimulated the development of the Russian economy.

[Tymoshenko] People in Ukraine say: We do not need a customs union; we need free economic zones. What is your attitude toward this issue?

[Pynzenyk] A free trade regime has been created by Ukraine in both legal terms and in practice. Exports in Ukraine are not regulated by the state. There are neither export nor customs duties. I agree on simplifying customs procedures, but to do that do we really have to create a customs union? We agreed that a meeting between Russian and Ukrainian prime ministers will be held in the immediate future. Perhaps they will prompt us to see what the current problems are which hinder Russian-Ukrainian trade relations.

[Tymoshenko] Russian Minister of Economy Yevgeniy Yasin recently expressed the idea that economic changes in Russia have created reliable foundations to the extent that any political changes among the leaders or the governing elites will not lead to automatic changes of the political course or refusal to continue political reforms and democratization of the state. To what degree does the economic development in Ukraine at the present stage guarantee that a return to the past in any form will not occur on Ukrainian soil?

[Pynzenyk] I think that attempts to restore the previous system are doomed. Naturally, neither Ukraine nor Russia have guarantees that — for example — legitimate political disputes conducted through peaceful and parliamentary methods will not bring to power politicians who will try to restore the old communist system. However, the situation of the population will exacerbate immediately to such a degree that an inevitable necessity will force society to return to the normal, civilized path of reforming the economy.

[Tymoshenko] Do you think that Ukraine will follow Russia's path in creating a hard currency stabilization fund?

[Pynzenyk] We do not exclude the possibility that the hard currency stabilization fund will have a positive impact on the development of the Russian economy. However, in our opinion, there is a better way to resolve this problem. This is the rigid linking of the national currency to the U.S. dollar, for example. However, to do this we should comply with certain conditions: Inflation should not surpass 1 percent, and in addition, such inflation rates should be kept for a long time. Then the process of pushing out foreign currencies begins and accumulation of a national currency is encouraged. This is precisely what is necessary for internal investments into the production sector.

[Tymoshenko] Do you think that the Supreme Council will approve Ukraine's Constitution in the immediate future?

[Pynzenyk] I think that the current makeup of the Supreme Council will hardly vote for the Constitution. It is necessary to look for a compromise on the proposed draft which could be approved by the Supreme Council, and I think that the text of the Constitution should be submitted to a referendum.

[Tymoshenko] Do you belong to the group of politicians who think that it is impossible to further drag on the signing of a full-fledged agreement between Russia and Ukraine?

[Pynzenyk] Naturally, the signing of this agreement will have great political importance and will have a

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positive impact on mutual relations between Russia and Ukraine in the economic sphere. Both countries are interested in overcoming the artificially created barriers and passions which are supported by certain politicians. However, I would like to point out that after reading many analytical articles written by Russian economists, one finally understands that not only Ukraine, but Russia too, suffers from the fact that many problems in Russian-Ukrainian relations have not been resolved which would have been if the agreement had been signed.

[Tymoshenko] Does it not seem to you that when we talk about the expansion of information in Russia this relates to the politicized commercials or even worse, to biased political propaganda? Meanwhile both Ukrainian and Russian scientists, economists, and politicians suffer due to the lack of scientific information and its civilized exchange.

[Pynzenyk] Yes, this is a problem which should be resolved in a timely manner. For instance, Mr. Gaydar and I exchange scientific and economic information on a daily basis which allows us to make comparable analyses, compare the results of processes which are going in both our countries, exchange positive experiences, avoid making mistakes, and shape a model for managing both the micro and macroeconomy. At the same time, however, I understand very well that the high cost of producing scientific information deprives scientists of the possibility of holding discussions and the opportunity to feed each other with ideas. There is only one option: State organizations should not take on the entire responsibility for rendering informational support. By inertia, many directors of the educational institutes and universities expect that the state will pay for everything. The mutual exchange of information is a result of activities of people who are interested in it and who want to initiate relations with their counterparts in other states.

[Tymoshenko] You are the initiator of very close contacts between Ukrainian and Russian people's deputies. Is it a policy from the field of "popular diplomacy" which emerges in situations when state officials are not able to reach an agreement, and then comes the moment when people have to make a decision?

[Pynzenyk] Indeed, our "Reforms" legislative faction maintains close cooperation with the Russian State Duma's "Russia's Democratic Choice" faction. We have gained significant and positive experiences. We are trying to attract private business with our ideas and create a mixed group which would comprise both politicians and entrepreneurs. If people who are enterprising and useful for both countries encounter some problems then we, politicians, would have first-hand information, and we would discuss those issues even at the state level, if it is necessary. Our task is to create open, understandable, and civilized rules of the game. However, entrepreneurs should play this game, not the government.

[Tymoshenko] You began your political career in Lvov. In earlier times Lvov was a city which generated new ideas and provided Kiev with politicians-reformers. Meanwhile, an opinion currently prevails that Galicia is currently a region which lags behind the average, in statistical terms, many other regions of Ukraine in economic areas. Where does the reason lie, and why does Lvov Oblast currently personify stagnation and standstill?

[Pynzenyk] I do not agree with the opinion that Lvov personifies stagnation. Many economic indicators show that Lvov is a leading city and at least is far from being last. Naturally, a certain dynamism in the development processes which was observed at the beginning of the 1990's has been lost. New difficulties have emerged which can be only resolved by central authorities. I like the current initiatives of politicians and economists from Lvov. It was nice to hear that the oblast's budgetary problems have been resolved and that interesting economic methods of managing the region's economy are used. Neither the oblast nor the city [Lvov] are in debt for energy resources. The system of procuring agricultural products has been reformed in Lvov Oblast. At the same time, the slow pace of privatization and of making structural changes in the economy is evoking alarm.

National Affairs

Kuchma Issues Decree Delegating State Executive Authority

LD0401172496 Moscow INTERFAX in English 1440 GMT 4 Jan 96

[FBIS Transcribed Text] Kiev, January 4 (Interfax-Ukraine) — President Leonid Kuchma of Ukraine has issued a decree "Of Delegating State Executive Authority Powers to Chairmen and Executive Committees Headed by Them of Village, Settlement and City Councils."

The decree determines the powers of state executive authority, which are delegated to these bodies. Thus, in particular, the chairmen and the executive committees headed by them of village, settlement and city councils are now entitled to register the right of land ownership, land use, rights and agreements on the lease of land, organizing and carrying out work to privatize land in keeping with the laws, exercise of control over the observance of laws by land users as regards the

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questions of land use and environmental protection, the protection of consumers' rights, the registration of the local associations of citizens, the bodies of the territorial self-organization of citizens.

On top of the above-listed powers, the chairman and the executive committees headed by them, shall, in particular, ensure control of the observance by companies, organizations of all forms of ownership of obligations involved in payments to the national budget, get agreement on nomination of candidates to run for heads of companies, institutions and organizations of national ownership located in the territory of the populated localities concerned, register companies, institutions and organizations and other subjects of entrepreneurial activity, issue licences for pursuit of individual labour activities.

They shall also organize border trade, ensure within the framework of the Constitution of Ukraine and the Law of Universal Military Duty and Civil Defence, help towards the drafting of citizens for active military or alternative service, coordinate work for the protection of public order and combatting crime.

Under the Constitutional Accord (between the President and Parliament of Ukraine dated June 8, 1995 — IF-U note) administration in Ukraine's regions and districts is exercised by regional and district state bodies having the functions of state executive power. Previously the executive committees of village, settlement and city councils had no powers of state executive authority.

Majority of Crimea's Leaders Pro-Kiev, Poll Says

MK0401144696 Moscow NEZAVISIMAYA GAZETA in Russian 4 Jan 96 p 3

[Unattributed report: "Crimea"]

[FBIS Translated Text] Crimea's Prime Minister Anatoliy Franchuk has been polled the most influential politician of the autonomy in 1995, according to a survey by the Crimean Independent Center for Political Studies. The poll involved 99 Crimea-based journalists and political scientists. Second and third places were shared by Vladimir Shevyev, leader of the Economic Revival of the Crimea Party and chairman of the "Reform" faction, and Refat Chubarov, deputy chairman of the Crimean Tatar People's Mejlis [parliament]. They are trailed by Mustafa Jemilev, chairman of the Crimean Tatar People's Mejlis; Yevgeniy Suprunyuk, chairman of Crimea's Supreme Council; Leonid Grach, first secretary of the Communist Party of Crimea and deputy of the autonomy's parliament; Anushavan Danelyan, deputy chairman of Crimea's Supreme Council; Vice Premier Arkadiy Demidenko; Sergey Tsekov, Chairman of Crimea's Supreme Council and leader of the Republican Party of Crimea; and Vice Premier of Crimea Andrey Senchenko.

According to expert assessment, nine of the ten most influential politicians (excepting Tsekov) "are oriented toward Kiev to some degree."

Crimean Supreme Soviet Head Views Situation

WS0501102096 Kiev HOLOS UKRAYINY in Ukrainian 21 Dec 95 p 11

[Article by Crimean Supreme Soviet Chairman Yevhen Suprunyuk: "To Tackle Crimean Problems, One Needs To Understand Them" — first two paragraphs are HOLOS UKRAYINY introduction]

[FBIS Translated Text] Yevhen Suprunyuk was born in 1955. He came from a working-class family. He graduated from the Dnepropetrovsk Engineering Construction Institute, the USSR Interior Ministry's Higher Fire Technical School, and the Odessa-based Mechnikov State University (with a specialization in law).

He began his professional career as car mechanic. In 1994, while he was chief of the Crimean Republic Main Fire Department, he was elected to the Crimean Supreme Soviet. Since 3 July 1995 he has been chairman of the Autonomous Republic of Crimea Supreme Soviet.

Every individual has his own attitude toward Crimea. Many people, including politicians, think that they know and understand Crimea, its people, as well the Autonomous Republic's problems which are discussed on television, radio, and in the press on a daily basis.

In my opinion, one can understand Crimea only if one maintains contacts with its people, experiences its problems, and simply loves this wonderful country.

I used to be in all the rayons and regions of the peninsula. I thought that I perfectly understood all the problems of the industrial Kerch, the Dzhankoy steppe, as well as southern Yalta. However, after I was elected Crimean Supreme Soviet chairman I have a feeling that I observe more attentively and have a much more intensive desire to understand everything that happens currently to us, and to more precisely forecast our future.

The primary feeling which has firmly solidified in me is the awareness that people of all the ethnic groups, such as the Russians and Crimean Tatars, as well as the Ukrainians and the Armenians, are able to live in peace. Regardless of the attempts on the part of politicians of various ranks and viewpoints, Crimean residents are tolerant, sensible, patient, and firmly peaceful. All in all, the Crimean people are great optimists.

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Political clashes which occurred in the Crimean parliament in connection with the Ukrainian President Leonid Kuchma's edict have produced a crisis, and changes within the Supreme Soviet leadership were the only way to overcome it. I am a deputy elected in a one-seat constituency; I do not belong to any party or political union, nor do I currently depend on any party or faction, and have become chairman of the Crimean Supreme Soviet. **Obviously, I understood the scale of responsibility placed upon my shoulders and I also expected assistance from sober politicians here in Crimea, as well as in Kiev.**

Frankly speaking, I had no intention of becoming a professional politician. I liked to do my job. At the age of 37 I became head of the Crimean fire service, and was granted the rank of colonel. During 20 years of my work for fire brigade units I have seen a lot of sorrow and tears, as well as carelessness and thoughtlessness of officials, which caused great sorrow. I have seen that due to carelessness and somebody's punishable negligence Crimea's environment suffered. I have seen Crimean forests burning and Crimean mountains crying. Thinking about my past, I think that I was prompted "to go into politics" precisely in 1993 when I supervised the liquidation of a great fire in the Crimean forests for almost 20 days. Precisely then I understood that I could not stand on the sidelines of serious problems which emerged one after another in Crimea. At the moment I see more clear features of those problems...

The first snowy days once again exacerbated many of those problems which are not only of a Crimean scale. Protest actions by inhabitants of villages and towns were held in a number of rayons. A rally attended by many thousands of employees of education, science, health care, and culture was held in Crimea's main square, in front of the government building. Unresolved issues which forced people to get out into the streets are similar to those which harass residents of Kharkov, Kherson, Donbass and Kiev: electricity cutoffs, lack of funds for communal services, and unheated houses. Debts in payment of wages are connected with the situation which exists in other regions of Ukraine: Enterprises which are essential for forming the budget stand idle or work at a limited capacity. In a word, there are plenty of problems. Life itself adds new problems which are difficult to resolve and sometimes untimely. At the same time, we should point out that financial holes are never timely.

The sad thing is that many difficulties are caused not by the Crimean people and Crimea. Besides, most of these problems have existed for over a year or two....

The Crimean people are not gaining from the fact that the negotiatory process on the Black Sea Fleet's division has been regularly hindered or acquires an explosive character. The city of Sevastopol's status is not clear to the people, and this situation very often incites certain classes of society, creating the threat of social or political explosions.

There are more than enough of such examples and they are more painful for those who live here than for those who come to Crimea from time to time "to examine its political and legal situation." On 24 May 1995 the General Staff of the Russian Navy issued a directive on the reduction of the Myrnyy garrison near Yevpatoriya, and 16 October 1995, following a decision by Black Sea Fleet Commander Ye. Baltin, the financing of the garrison was suspended. The Ukrainian Defense Ministry has no intention of taking over the capital stock of the military settlement and has proposed that it should be handed over to the municipal property of the Republic of Crimea. All this happened on the eve of winter!

The budget of the Crimean Republic has no funds which can cover the expenses of the maintenance of the settlement and the facilities vital for its existence. Due to the lack of an agreement or preplanned action, ordinary people became "scapegoats" — 7,500 people were deprived of housing and municipal services and almost 2,000 people were left without jobs, and accordingly, without necessary means for living.

Crimea's Supreme Soviet, as well as the Crimean Government, have made every effort to alleviate the tension in the settlement literally within a couple of days. Not all our appeals addressed to the leadership of Russia and Ukraine and the military departments of both countries were heard. As it seems, each of the two sides believes that it possesses significant arguments which justify their viewpoints. However, those who suffer are ordinary people; people who lost their jobs — young and strong men and women, children, and elderly people. With regard to the psychological aspect, all the Crimean people suffer because the feeling of being left in the lurch is even stronger, as well as the feeling of instability and fear of the future.

However, it is worth pointing out that at one time Crimea, regardless of its status as a "USSR health resort", was excessively militarized. There are more than 100 of such settlements as Myrnyy on the peninsula's territory. What will be their future and the lives of their inhabitants? Only Crimeans are well aware of the consequences of such a redivision of state sources of financing. Unfortunately, very often we are virtually the last people to learn about these facts.

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What could happen if there is a large-scale return of deported nationalities without due support from the state? Recently the Supreme Soviet has gone through a serious political crisis connected with the lack of resolution of many problems of the Crimean Tatar nation.

I think that the approval of a concept of the state's policy in the area of interethnic relations in Ukraine would accelerate the resolution of many of Crimea's problems. I think that the law "On the Rehabilitation of Deported Nationalities" could determine a mechanism for the executive bodies' activities with regard to settling the once deported nationalities.

I have cited as an example only two stalemate situations which are connected to the peculiarities of the Crimean region and are unknown to Ukraine's Sumy, Mykolayiv, and Chernihiv Oblasts. These two global problems alone include Crimea into the group of Ukraine's peculiar regions, and ignoring these facts means political blindness. Unresolved problems and the specific nature of relations which exist in the peninsula incite the desire for regional self- governing, which is growing constantly.

Unfortunately, the mentality of many Ukrainian politicians regardless of whether they are from the left or right wing and their imagination about relations between Ukraine and Crimea have not changed since the times of the command administration system. Numerous facts of subordination and supervision from the center over plants, trusts, departments and even sovkhozes should be deemed pure anachronism. What can we demand from the Crimean police chief when his appointment was made without any consultations even at the Crimean Supreme Soviet Presidium's session? The problem of broadcasting HRT [expansion unknown] programs would perhaps be resolved faster if the chief of the "Krym" radio-television company was subordinated to the Crimean authorities, and if the Ukrainian national television chiefs seriously perceived complaints voiced by the ordinary residents of Crimea. **Not politicians, but professional philologists have to express their attitude toward the issue of the functioning of languages on the territory of Crimea, taking into account historic traditions, the multiethnic nature of the region, as well as the mentality of nationalities living in Crimea.**

These and other issues concern me not only as the Crimean parliament chairman but as an individual and Crimean resident. I clearly understand that the idea of the existence of the Crimean Republic has been planted deeply in the mentality of its residents. This is not awareness of some kind of exclusiveness or striving to be original. This is a civilized approach toward the issue of getting out of the political and economic dead end. The approval of the Crimean Constitution is not an aim in itself but a necessary stage in relations between Ukraine and Crimea. **Perhaps it is time many people understood, including Ukraine's Supreme Council, that Crimea took the course toward economic independence a long time ago and that this movement can only be slowed down, but not entirely stopped.** This desire for independence can be explained by Crimea's geographic location, its history, and multiethnic makeup of the population.

It is difficult to explain to the Crimean people Kiev's morbid attitude toward the expansion of links with Russia, which to a certain degree is conditioned by objective reasons. **We would not like the Republic of Crimea — which has a wide range of powers confirmed by the Constitutions of Crimea and Ukraine — to be a bone of contention between Ukraine and Russia.** On the contrary, Crimea's historic role is precisely that of facilitating the elimination of contradictions in Russian-Ukrainian relations.

During the recent month, a great group of Crimea's Supreme Soviet deputies worked constantly in Kiev, where they held consultations to coordinate the Crimean Constitution with Ukraine's Supreme Council. Our problems do not always meet with understanding, but we are patient and determined.

We want support from the government, the Supreme Council, and the president. Some people accept our stance while others do not. However, this is a determined stance which is supported by the Crimean people who on many occasions proved their desire to achieve autonomous statehood exclusively by legal methods.

We are also profoundly convinced of the fact that Crimean problems would be much faster resolved if the general process of reform and democratic changes in Ukraine was accelerated and acquired a permanent nature. Then, also Crimea, which is a developed region in economic terms, would be able to reach top positions in these progressive processes and to become a test-range for positive changes in all areas of life.

To achieve this, one has to understand Crimea; one has to experience its problems, its difficulties, and joys. We hope that this will happen.

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Statement on Rising Anti-Tatar Sentiments

WS0501095696 Kiev INTELNEWS in English 0630 GMT 5 Jan 96

[By Lilia Budzhurova, "Special to INTELNEWS"]

[FBIS Transcribed Text] Simferopol, Jan. 5 — Mejlis, the Crimean Tatar representative assembly, issued a statement Thursday morning deploring a rise in anti-Tatar sentiment and a rash of vandalism against Tatar shrines and memorials.

The catalyst for this action was the destruction and removal of a stone monument erected May 1994 to commemorate the 50th anniversary of the Tatars' deportation from Crimea.

The Mejlis Presidium also discussed the appearance of a rash of graffiti with messages such as "Tatars, get out of Crimea" on the walls of homes along Simferopol's Red Army Street.

The Tatars have appealed both to local prosecutors and to President Leonid Kuchma's Organized Crime and Corruption Task Force.

"All this is the result of non-punishment of crimes committed against Crimean Tatars," Medzhlis Chairman Mustafa Dzhemilev told INTELNEWS. "Law enforcement bodies of Crimea encourage the criminals by taking no measures to catch and punish the guilty." Deputy chairman of Crimean Internal Affairs Refat Kenzhaliev denied allegations of inaction, saying that "if the fact of vandalism if confirmed, then a criminal case will be instituted."

According to the Mejlis Presidium "what happened is the result of anti-Tatar statements and publications in the Crimean mass media, which have become more frequent recently."

"Thus, in his recent speech on Crimean TV, the deputy prime minister of the Crimean government, Arkadiy Demidenko related the crime increase in Crimea to the return of the deportees," the Presidium statement said. "The paper of Black Sea Fleet of Russia FLAG RODINY, Sevastopol, published on Dec.19, a wordy interview with Nina Andreyva, where the 1944 deportation of Crimean Tatars is justified."

Economic Issues

Premier Marchuk Upbeat on Economy

LD0401182996 Moscow INTERFAX in English 1457 GMT 4 Jan 96

[FBIS Transcribed Text] In 1995 progress was made in the stabilization effort, Ukraine's Prime Minister Yevhen Marchuk pointed out in his national radio address live Friday.

He said that among the achievements made in 1995, which have been registered for the first time in Ukraine's four years of independence, is the fact that the government had for the first time a program of action endorsed by parliament.

For the first time, in 1995, Marchuk said it became possible to curb inflation in Ukraine and "reach a situation when the growth of prices is not faster than that of pay."

He also noted that in 1995 stabilization of the rate of the karbovanets to the U.S. dollar was achieved. "People in the production field know what it means," he added.

For the first time in the past four years Ukraine began in 1995 servicing debts made earlier.

"In 1995 we completely serviced the current payments. We have not accumulated debts, albeit we lived not quite the way we would like to," Marchuk added.

Despite an industrial recession in Ukraine, insignificant growth was registered in some branches, Marchuk pointed out. In the food industry, for example, output figures in 1995 were 104 percent compared with 1994. The industrial recession was 11 percent in Ukraine in 1995, while in 1994 it reached 27 percent.

Marchuk said that in 1995 Ukraine harvested more maize and sunflower than in 1994. "We have thus laid a good groundwork for improving the situation in stock rearing," he said.

He said that in 1995 use was made, for the first time, of a non-emission source of making good for the budget deficit - government securities. Securities worth 16 trillion karbovanets were issued in 1995, which made it possible to draw free funds for making good the budget deficit. It is planned to issue securities worth 150 trillion karbovanets in 1996.

Touching upon "the most vital problem - that of economic restructuring," Marchuk said that the draft presidential decree on the initial stage of restructuring the coal industry was endorsed December 28 at a meeting with the government presidium. He said the draft will probably be endorsed in January 1996.

"Notwithstanding the difficult situation in the production field, we are planning to change somewhat in 1996 proportions toward an improvement of social security for the population." He said pay next year will not lag behind the growth of the prices index. Second, in January it is planned to pass a decision on a rise in

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pensions roughly by 25 percent and an increase in pay to workers in the budget-supported area.

Next year, according Marchuk, "a considerable improvement is envisaged in the effectiveness of performance by the services in charge of housing and utilities subsidies." He said it is planned early next year to go over to "a request principle" in the granting of subsidies. A liberalization will be introduced in the system imposing fines for a delay in payment of electricity bills. It is also planned to introduce subsidies in the payment for solid and stove fuel and cylinder gas.

Verkhovna Rada Commission To Adjust Draft 1996 Budget

LD0401183196 Moscow INTERFAX in English 1457 GMT 4 Jan 96

[FBIS Transcribed Text] The parliamentary budget commission has started making proposals on the draft law of Ukraine "On the State Budget for the Year 1996."

Commission Chairman Mykola Azarov told Interfax - Ukraine that the commission's unfailing stance was that all the planned budget expenditures should be made on the basis of laws in effect.

"We intend to remove the sources based on draft laws from the budget revenue," he said. Azarov estimates that this could result in the budget revenue shrinking by 200 trillion karbovanets.

In analyzing the draft budget, the commission will endeavor to amend it in accordance with changes that occurred in 1995. For example, in summing up budget implementation for 11 months of 1995 "the annual plan for profit tax has been significantly exceeded, especially for local taxes, where this indicator has reached 283 percent for some regions," Azarov said.

Additional sources for budget revenue could be found by expanding the tax contingency. Azarov claims tax on dividends for private persons should be introduced and tax on profits be replaced by patents for the entities that make no profit or conceal their earnings.

"Payments for granting patents will be introduced and it is now being decided on how it will be phrased in the law," Azarov said. Introduction of patent payments will help to mobilize about 100 trillion karbovanets for the budget.

Another 40 trillion karbovanets could be obtained for the budget by expanding the list of excise goods.

Establishing a budget bank will also facilitate mobilization of additional funds for the budget, Azarov said. For example, commercial banks received 70 trillion karbovanets in profits over 10 months of 1995 with more than 50% of the profits earned through use of budget money. "We hope that the government will fulfill Clause 32 of the Law of Ukraine On the Budget System and will take steps to found a budget bank," Azarov said.

Azarov has also said members of the commission are contemplating the possibility of introducing bail for persons detained for the time preliminary investigations are conducted. He emphasized this innovation will not apply to those suspected of grave crimes. "This type of money collateral is, essentially, a form of providing credits to the budget," he says.

Regards 1996 budget expenditures, the commission plans to cut spending for executive branch and public organizations. A list of various foundations that are entitled to deductions from the state budget is to be revised.

In studying the structure of financing the national economy, the commission will identify enterprises that manufacture sophisticated products and subsidies which will enable reviving some of their suppliers, Azarov says.

He said expenditures should be increased for health care, education, and housing and utility subsidies.

Azarov expects that the consolidated 1996 budget will receive not more than 90 percent of the planned revenue due to the fall in output greater than in the respective period last year, as well as significant payables and receivables of enterprises.

The draft 1996 budget has been compiled on the basis of the Law of Ukraine "On the Budget System" and Verkhovna Rada resolution "On the Guidelines of Budget Policy for the Year 1996" known as "Budget Resolution."

The state budget revenue will reach 2.588 quadrillion karbovanets and expenditures -3.016 quadrillion karbovanets with the deficit limit 427 trillion karbovanets or 6 percent of GDP.

As before, the deficit is placed in the state budget, whereas local budget are made on a non-deficit basis.

The budget deficit is to be covered by proceeds from selling government bonds (150 trillion karbovanets), external sources of financing (170 trillion karbovanets) and National Bank credits (107 trillion karbovanets).

Parliament is scheduled to discuss the 1996 budget in the second half of January.

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Belarus

Foreign Policy Orientation, NATO Expansion Viewed

WS0401152496 Minsk SVABODA in Belarusian 22 Dec 96 p 4

[Report by Ales Dashynski: "What Influence Can the New Belarusian Parliament Have on Foreign Policy"]

[FBIS Translated Text] *In an interview to a SVABODA correspondent, Deputy Syarhey Kalyakin, leader of the Belarusian Party of Communists, has underscored that his followers unequivocally support the "eastern orientation" and are going to build "a military political union with Russia that will be beneficial for Belarus."*

S. Kalyakin welcomes the opening of the Belarusian-Russian border, because "they in the West have virtually created a Soviet Union and do not suffer from this." The return of the USSR to the CIS territory is a "long-term goal" for communists in parliament. "The restoration, however, will be very hard and difficult," Syarhey Kalyakin thinks.

He is sure that "the West will not provide us with investments unless it sees a stable situation here. We can even declare that land can be bought and sold in Belarus, but this will not gain any investments, specifically because of our uncertain situation." Regarding the IMF recommendations, in Comrade Kalyakin's opinion, they considerably harm our economy. To please the West, we will simply lose our science and industry. We will be given money to do this by our own hands." [quotation marks as published]

Commending on the prospects for expanding NATO eastward, S. Kalyakin said that "he does not accept the Partnership for Peace formula." The Warsaw Pact does not exist, while NATO is strengthening itself and expanding. This is disadvantageous for Belarus, which can become a "frontier country." S. Kalyakin thinks that NATO will not expand eastward in this millennium, because Western countries have to deal with Russia, which can answer a threat with a threat.

Deputy Alyaksandr Dubravolski, deputy chairman of the United Civic Party, has said to a SVABODA correspondent that, in his opinion, foreign policy will be "dominated by the East as before." For the time being, however, "it is impossible to say something definitive. It is not known how a faction of nonparty deputies will form and whether it will be created at all. The factions of communists and agrarians, of course, will choose the East. As for us, we will support a simple and understandable course. Belarus should operate in the international arena in accordance with its own state interests, which lie in cooperation with both the West and the East. We want to balance this to avoid trailing behind some states."

Summing up the results of Belarus' recent foreign policy, A. Dubravolski noted that "this year has shown how great harm may be done to Belarus by the thoughtless signing of agreements, particularly the customs union with Russia."

Regarding a possible NATO expansion to the east, A. Dubravolski does not see any threat here. "However, there is no sense for us to joining NATO, since it is rightfully written in our Constitution that Belarus is a neutral country, and we should stick to this. In an opposite case, we may become a forward edge of Russia or NATO. Both the former and the latter are equally wrong," Deputy Dubravolski emphasized.

Communists Support Russian Confederation Concept

WS0401153896 Minsk BELORUSSKAYA DELOVAYA GAZETA in Russian 21 Dec 96 p 3

[Report attributed to BELORUSSKAYA DELOVAYA GAZETA political section: "Communists Do Not Conceal They Support Confederation"]

[FBIS Translated Text] Belarusian communists waited for results of the Russian Duma elections with quite understandable impatience. Last week, some party chiefs declared that their strategy and tactics in the Supreme Soviet will depend on the outcome of Russian elections. It is no accident that the meeting of leaders of the Supreme Soviet faction of communists with Alyaksandr Lukashenka was scheduled for 18 December, the day after Russian elections.

Expectations of Belarusian "reds" have more than realized: Their Russian colleagues won a relative victory by obtaining some 22 percent of votes on their party lists.

Commenting on the results of the Russian State Duma elections to a BELORUSSKAYA DELOVAYA GAZETA correspondent, Vasiliy Novikaw declared that the Belarusian Communist Party expected these results. *"We forecasted the victory of communists long ago. This is a general tendency for the former USSR member-states,"* the communist leader said.

In the opinion of Mr. Novikaw, cooperation between Russian and Belarusian communists will be *"perfect because they established their contacts a long time ago and they are reliable. Given this, integration processes between our countries will develop faster."* Answering the question of whether he excludes the establishment of the Belarusian-Russian confederation, he said: *"We are not afraid to say that we support a confederation.*

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But there are problems: Many in Belarus are afraid to lose independence and sovereignty." Mr. Novikaw said that Belarusian communists will support the Russians if they denounce the Belaya Vezha agreements.

Commenting on the results of his 18-December meeting with the president, Mr. Novikaw declared: *"When we met, we exchanged opinions on the current political situation."* Mr. Novikaw categorically refuted the information that the communist faction demanded from the president the resignation of Presidential Administration head Mikhail Myasnikovich, Deputy Prime Minister Leanid Sinitsyn, and Ivan Tsitsyankow, head of the Presidential Affairs Department; nor did they demand two power minister posts.

Defense Minister: Belarus Not Militarized State

LD0401191096 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] MINSK, Jan 4 (Interfax-West) — Belarussian Defense Minister Leanid Maltsaw does not think Belarus is a militarized state.

As he answered people's questions in a phone-in on Thursday, General Maltsaw said that the Belarussian armed forces consisted of 85,258 men, 0.82 percent of the country's population.

General Maltsaw recalled that in France the ratio was 0.9%, in the Czech republic and Italy, 1%, in Russia, 1.15%, and in Bulgaria, 1.6%.

As for the number of generals, Maltsaw said that the Belarussian army had 44 general's posts, of which 39 were taken by generals. An average Belarussian general is 48 years old.

In Belarus there is one general per 2,000 servicemen (in Russia, one per 1,000, in the United States, one per 835, and in Ukraine, one per 700).

Asked about the feasibility of creating a professional army, General Maltsaw recalled that the first contract servicemen in the Belarussian army appeared last autumn.

Five military units are now fully manned by contract servicemen, and in 23 military units contract servicemen account for 25 to 83 percent of the personnel. One such vacancy is contested by 10 applicants.

This is reasonable, General Maltsaw said, because contract servicemen cost the state far less than conscripts. General Maltsaw said that the Defense Ministry had drafted a bill providing not only for conscription or service on contract, but also for extra-martial service or reserve service.

135 Deputies Accuse President of Violating Basic Law

LD0401194796 Moscow INTERFAX in English 1634 GMT 4 Jan 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] A group of 135 Belarusian deputies in a statement on Thursday accused the president and his administration of renewed violation of the power sharing principle laid down in the country's basic law.

The statement follows Presidential Chief of Staff Mikhail Myasnikovich's offer on the New Year's Eve for Constitutional Court Chairman Valery Tikhinya to step down. If not, he said, the president himself will have to step in to dismiss the chairman.

In an interview with Interfax Tikhinya spoke of seeing no need or reason to resign saying the head of state had no prerogative of forcing the resignation of the court or its chairman.

The CC chairman has informed the new parliament of being offered to resign.

The statement says the latest incident of illicit pressure on the court indicated that certain forces in the president's entourage were scheming to push him into a new round of confrontation with two other government branches.

The deputies expressed surprise over a heightening of tensions ahead of the first session by the new parliament due on January 9. The statement says such actions are aimed against unity of political forces undermining the basis of cooperation laid down during recent talks between Lukashenko and the leaders of parliamentary factions.

Extraction of Oil, Gas in 1996 To Be Reduced

WS0501090396 Minsk BELAPAN in English 0755 GMT 5 Jan 96

[FBIS Transcribed Text] According to information received, in 1995 the Belarusnafta Production Amalgamation extracted 1,932 thousand tonnes of oil and 265 million cubic meters of gas which was in line with the target set by the Belnaftapradukt Concern. However, this is lower than the figures of 1994 when 2 million tonnes of oil and 290 million cubic meters of gas were extracted. Experts say that the reduction of oil and gas production was engendered, firstly, by the exhaustion of deposits, and secondly, by the curtailment of prospecting works by almost 100 percent because of the lack of funds.

Untapped oil and gas deposits are rather small and lie deep under the ground and their exploration requires

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considerable work input, new methods, and technologies of prospecting and development.

Moldova

Snegur on Relations With Western Organizations, CIS

LD0401201996 Moscow INTERFAX in English 1834 GMT 4 Jan 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] The president stressed Moldova was the first CIS state to become a full member of the Council of Europe in 1995. But he rejected accusations of pro-western leanings saying Chisinau must drive an even-handed policy towards East and West.

He spoke of dynamic relations with leading international financiers such as the World Bank, IMF and EBRD whose programs and loans serve as a substantial prop to the country's economic reforms. But he also spoke of loan-related problems such as the specific and rational use of international credits. The president thinks it necessary to bring order to ways in which loans are used to secure greater trust and support from "our partners."

On Chisinau-NATO relations, he denied that the signing of Partnership plan and a special program with NATO amounted to Moldova's entry into the North Atlantic Alliance. He said cooperation with NATO covered only the areas of training personnel in actions in the event of calamities and learning the experience in information exchange. "Speculations about Moldova's alleged entry into NATO are groundless and irresponsible," Snegur said.

He said Chisinau was driving a policy of neutrality and had no plans of joining any CIS military-political alliance but it did account for the feelings of neighboring Ukraine and Russia while cooperating with NATO. The president sees no threat either from NATO or the CIS. "On the contrary, our joint participation in the Partnership plan will also help strengthen our common security," he said.

On the CIS performance, the Moldovan leader expressed regret that "participation in the CIS economic union brings little effect than expected." He said "no one is in a hurry to lift customs barriers or resolve the problem of repatriation of money though Moldova as others pays membership dues for the upkeep of CIS structures."

He described the problem of maintaining the country's territorial integrity as being the main unresolved issue. He hopes for the Transdniestrian issue to be resolved in 1996 though there were all conditions for sorting it out early last year. The president blamed the setback on the separatist leaders in Tiraspol who called on Russia's radical forces for assistance.

On the armed conflict in Transdniestria, the president spoke of being fully responsible for decisions taken in the spring and summer of 1992 saying Moldova had managed to escape with "less bloodletting than could be expected." He attributes this to sensible forces who opted for a negotiated settlement to the regional conflict.

In this connection, he expressed surprise that the parliament meeting at the end of last year decided to set up a commission of inquiry into the causes of the Transdniestrian conflict. He said the move would not serve the interests of a peaceful settlement being an attempt by revenge seekers to pinpoint the culprits of the 1992 conflict instead.

He is also worried over plans to transform Russia's former 14th army into a peacekeeping force saying this could lead to the emergence of a Russian army base in Moldova in breach of the country's basic law.

More Moldavians Apply for Russian Citizenship

LD0401190396 Moscow ITAR-TASS in English 1713 GMT 4 Jan 96

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISHINAU, January 4 (Itar-Tass) — The number of Moldovan residents applying for Russian citizenship increased almost 10 times in 1995 compared to 1994, chief of the consular section of the Russian Embassy in Chisinau Vladimir Divnin.

Provided that the current rate of granting Russian citizenship is preserved, the last applicant will receive it in 30 years, Divnin said.

Over 20,000 Russian citizens are living in Moldoa. Strange as it may seem, the percentage of non-Russians (Ukrainians, Moldovans, Bulgarians, Gagauz and Jews) willing to be Russian citizens is higher than that of ethnic Russians, he said.

After the collapse of the Soviet Union, they were driven by a desire to settle down in Russia. However, many of them have understood that it is hardly possible for various reasons, he said.

People are trying to protect themselves from possible conflicts like the one in the Dniester region which broke out in the summer of 1992.

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Russian withdrawal from the region is another reason for applying for Russian citizenship. A very high percentage of the applicants live on the Dniester region (the self-proclaimed Dniester republic).

The Moldovan legislation on citizenship is democratic enough and corresponds to international standards, according to Divnin. However, it was impossible to predict the collapse of the Soviet Union, which has caused some discrepancy between Moldovan and Russian laws, he said.

According to the Russian diplomat, dual citizenship would be convenient for both 440,000 Moldovans in Russia and 500,000 Russians in Moldova.

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Kazakhstan

Nazarbayev Edict on Private Land Ownership

MM0301161196 Moscow IZVESTIYA in Russian 4 Jan 96 p 2

[Report by Vladimir Ardayev: "Private Ownership of Land Introduced in Kazakhstan"]

[FBIS Translated Text] Almaty — President N. Nazarbayev has issued an edict "On Land" with the force of law in Kazakhstan. This document establishes legislatively for the first time the right to private ownership of land in the state.

No other issue (apart from that of the state language) has been discussed so heatedly and at such length here. The three previous Kazakhstani parliaments crossed swords over it. This time President Nazarbayev evidently decided to tempt fate no longer and issued this edict shortly before the new parliament began its work. Admittedly, the new parliament still has to ratify it but that is not quite the same as adopting a new law article by article, letter by letter.

About a year ago Nursultan Nazarbayev launched the first trial balloon edict — also with the force of law — introducing in Kazakhstan the institution of long-term — up to 99-year — leasing of land with the right of sale and inheritance.

An edict has now finally been issued introducing the concept of "private ownership of land." But the question remains of how realistic it is.

First, only land designated for two purposes can switch to private ownership, in other words it can be owned, used, and disposed of. This applies to homestead, dacha, and orchard plots and also plots of land for the construction of residential buildings, structures, and complexes.

In itself this restriction (plots of land cannot be transferred to private ownership so that industrial enterprises, offices, and other economic facilities can be sited there) may scare off potential foreign investors and homegrown, budding capitalists. A serious owner will hardly build a plant, factory, or office on someone else's land, albeit state land.

Second, private ownership of a plot of land does not in itself mean total, indivisible ownership of the said plot of land. Land can certainly be sold, pledged, given, or bequeathed, but it cannot be misused. In other words, if you have bought an agricultural plot and for three years have failed to plant carrots or radishes on it but have, for instance, built a joinery, the state is entitled to take legal action to seize your land.

Thus, land in Kazakhstan, although it may be private, nonetheless is still not a full-fledged commodity.

Deputy Premier Shaykenov on Nazarbayev Decrees

LD0401191896 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] ALMATY, Jan 4 (Interfax) — The legislation signed by Kazakh President Nursultan Nazarbayev in the absence of parliament has created a reliable framework for reforms in the country, Deputy Prime Minister Nagashybay Shaykenov told journalists Thursday.

Shaykenov said that Nazarbayev had signed nearly 100 decrees, some of them having the force of constitutional legislation, since last March.

Shaykenov believes that the Land Act introducing private ownership was the most important of them.

Nazarbayev also signed numerous acts that launched judiciary and legal reform in the country. They cover the courts, the prosecutor's office, the State Investigation Committee, the Interior Ministry and the National Security Committee, Shaykenov explained.

Not one in ten of these acts would have been passed by the old parliament, Shaykenov believes.

The Kazakh Constitutional Court ruled that the old Supreme Soviet was illegitimate, following which the president took over legislative powers. Fresh parliamentary elections were held in Kazakhstan last December. The new parliament will convene on January 30, 1996.

Shaykenov emphasized that under the constitution, Nazarbayev's acts do not need to be approved by parliament.

Kyrgyzstan

Akayev on Need for Expanding Presidential Powers

LD0401195396 Moscow INTERFAX in English 1834 GMT 4 Jan 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] On Feb. 10 Kyrgyzstan will hold a referendum on constitutional amendments.

By signing an appropriate decree President Askar Akayev intends to draw a line under the question of the separation of powers which the parliament has failed to resolve despite numerous appeals from the head of state and a ruling of the Constitutional Court.

In a televised appearance Wednesday evening Akayev appealed for public support for constitutional amendments expanding presidential powers.

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The president said the changes will help him better perform the functions of a guarantor of the constitution and be responsible for the state of affairs in the country and the results of reforms. According to Akayev, this is what the voters wanted when they voted for him in presidential elections on Dec. 24.

The Kyrgyz leader thinks under current legislation the entire power is concentrated in the hands of the parliament while the president is given "the role of the English queen". Akayev said his restricted powers do not allow him to effectively and fully perform the functions of a guarantor of the rights and liberties of citizens, a coordinator of all branches of power, play his constitutional role of a consolidating body in the system of separating powers. In a word the president is denied levers of effective influence on decision-making on key matters of national significance.

Akayev thinks the old Supreme Soviet following the outdated slogan of Power to the Soviets usurped powers not inherent in a parliament.

"Instead of a reasonable balance of powers we got an ugly system of dual power, or absence of power and responsibility, to be more exact. In the final account the contradictions in the division of powers led to an incompetent and unjustified intrusion of one branch in the affairs of another," Akayev stressed.

The president criticized the new parliament which in his opinion is overly politicized and its sessions resemble self-advertising shows rather than parliamentary debates.

Akayev thinks members of the Legislative Assembly instead of performing their direct duties are engaged in satisfying their own needs, raising salaries, distributing apartments and cars, furnishing offices etc. The president also claimed that part of the deputies have plunged into political games bordering on the dangerous destabilizing situation in the country and a split of national unity.

Akayev stressed that in almost a year of its functioning the new parliament passed only 24 laws, 22 of which are merely amendments to acting legislation. "Meanwhile, about 120 draft laws are waiting for discussion and immediate adoption." In Akayev's opinion there is an especially pressing need for civic, tax, labor, criminal and other codes.

The president is convinced that in the present transitional period a clear system is necessary under which each branch of power would deal only with its own affairs and bear responsibility in the face of the nation. For this reason he decided to hold the referendum.

He said that the suggested constitutional amendments would somewhat expand presidential powers "but only within limits necessary for his functions as guarantor of the constitution."

The amendments suggested by Akayev supposedly increase the influence of the head of state on the process of forming the cabinet and decision-making on home and foreign policy matters. If the draft is approved, the government will get broader powers, the functions of the houses of parliament will be better defined and a single judicial system will be set up.

Promises 'Serious Personnel Changes'

LD3012154895 Moscow INTERFAX in English 1342 GMT 30 Dec 95

[FBIS Transcribed Text] BISHKEK, Dec 30 (Interfax) — Askar Akayev was on Saturday inaugurated as president of Kyrgyzstan.

In the presence of parliament and public figures, Akayev, re-elected president on December 24, promised to be a just president, work to ensure Kyrgyzstan's sovereignty and preserve stability and peace in the former Soviet republic.

In an address to the nation, he said the presidential elections had made clear to him that the people supported "the policy of democratization and market reforms" he had been pursuing up till now and was going to pursue in future.

The president said his immediate goal was to change the taxation policy and crack down on crime and corruption. He said a "real war" would be declared on crime and he was ready for it.

Also, what is being done by "some government figures, on both the national and local levels," jeopardizes reforms, and "the people are demanding that those people be removed from government structures," Akayev said, warning he planned "serious personnel changes."

He said separation of powers between the legislative, executive and judicial branches of government was still an unsolved problem and that a local self-government reform was still incomplete.

He called for peace, stability and unity in the Central Asian country.

Tajikistan

President Creates Security Council, Appoints Chief

LD0501093696 Moscow ITAR-TASS in English 0910 GMT 5 Jan 96

[FBIS Transcribed Text] DUSHANBE January 5 (Itar-Tass) — Tajik President Emomali Rakhmanov decreed

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to create the Security Council at the head of state and appointed a carrier security officer to head it.

The decree made public on Friday says Abdurakhmon Azimov, 45, was appointed the secretary of the Security Council.

Azimov headed the branch of the Tajik Security Ministry in the southern Khatlov region of the Central Asian Republic.

Rakhmanov's Additional Measures To Aid Privatization

LD0401120896 Moscow INTERFAX in English 1028 GMT 4 Jan 96

[FBIS Transcribed Text] DUSHANBE, Jan 4 (Interfax) — President Emomali Rakhmanov signed a decree which provides for additional measures to step up privatization in Tajikistan.

As Interfax learned from the president's press secretary Zafar Saidov on Thursday [4 January], under the decree a privatization fund will be formed in the framework of the national state property committee. One of its major functions will be to sponsor contests and auctions for the sale of state property with the involvement of foreign investors.

The fund is also designed to provide state support for privatized facilities and determine the procedure of granting privileges to the buyers of state property.

Monitors Check Compliance With Peace Accord

LD0401121996 Moscow INTERFAX in English 1028 GMT 4 Jan 96

[FBIS Transcribed Text] DUSHANBE, Jan 4 (Interfax) - Members of a joint commission, monitoring compliance with the September 17, 1994 Tehran Agreement on Temporary Ceasefire in Tajikistan, have begun to investigate facts of breaching the accord in the Shuroabad region of Tajikistan, the presidential spokesman Zafar Saidov has reported.

The commission's trip to the area was prompted by a report about the shelling of Russian border posts at the 12th section of the Moscow border unit soon after the new year, the source explained, recalling with reference to military sources, that unidentified men, using a grenade launcher, attacked republican police troops in the Garm region of Tajikistan on January 3rd at 8 a.m. local time. The servicemen suffered no casualties.

Meanwhile, 24 refugees returned to Tajikistan from Afghanistan through the Nizhayy Pyanj check point on Wednesday, the source reported, adding that all returnees are residents of Tajikistan's southern areas.

Uzbekistan

UK Foreign Secretary Arrives, Comments on Visit

LD0501095296 Moscow ITAR-TASS World Service in Russian 0853 GMT 5 Jan 95

[By ITAR-TASS correspondent Vilor Niyazmatov]

[FBIS Translated Text] Tashkent, 5 Jan — "I hope my visit will underline the importance Britain attaches to the strengthening of relations with Uzbekistan in all spheres of activity," British Foreign Secretary Malcolm Rifkind told journalists today. He arrived in Tashkent on a 2-day working visit.

The prospects of cooperation between the foreign ministries of the two countries are to be at the center of attention during the meetings the British foreign secretary will hold with leaders of this Central Asian republic. Enviromental issues, in particular, the future of the Aral Sea and the ecologically disastrous situation in the region will also be discussed.

President Defends Entrepreneurial Business

LD0401194996 Moscow INTERFAX in English 1834 GMT 4 Jan 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] President Islam Karimov on Thursday issued a decree to provide incentives for small size and entrepreneurial business which is expected to ensure state protection of rights and interests of private business.

The new law is expected to set conditions for free competition and equal access to capital and labor by all forms of enterprises. The government is not allowed to meddle in the affairs of private businesses or seize their property.

Priority is given to the promotion of small size and private businesses in the countryside and those capable of making competitive and export-oriented products.

The decree guarantees substantial support for such businesses by way of implementing special development programs including tax benefits, creation of market infrastructures, a good business environment and participation in export trade.

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Azerbaijan

UK Foreign Minister Rifkind Pays Official Visit

Rifkind Meeting With Aliyev Detailed

NC0501115596 Baku TURAN in English 0044 GMT 5 Jan 96

[FBIS Transcribed Text] Baku/04.01.96/TURAN—"Great Britain attaches a great attention to the development of relations with Azerbaijan, which are based on the economic relations," Malcolm Rifkind said during his today meeting with Geydar Aliyev.

According to him, London is satisfied with the attraction of British companies to the development of the Azeri oil. Rifkind noted that the activity of such companies as BP, Ramco and the others is supported by the British government.

Concerning the problem of stabilisation of the situation in the region Rifkind said that the year 1996 could become the year of shifts in the settling of the Armenian-Azeri conflict. "The world community will not be able to obtain the real progress in the settlement of this conflict without flexibility and interest of the parties themselves," he noted.

President Geydar Aliyev noted that Azerbaijan attached great significance to the development of relationships with Great Britain.

Speaking about settling the Armenian-Azeri conflict the president said that the conflict should be resolved under the condition of liberation of the occupied territories, return of refugees to their homes and providing of territorial integrity of the states.

Geydar Aliyev confirmed via Mr Rifkind his invitation to Premier John Major to pay an official visit to Azerbaijan.

Then the meeting was held behind the closed doors.

After the talks two documents were signed — bigovernmental agreement on protection of investments and joint statement of Foreign Ministers .

Mr Malcolm Rifkind is to leave Azerbaijan for Tashkent today about 20.00.

Rifkind Comments on Karabakh Solution

NC0501120996 Baku TURAN in English 0034 GMT 5 Jan 96

[FBIS Transcribed Text] Baku/04.01.96/TURAN—Today the State Secretary for Commonwealth and Foreign Affairs of Great Britain, Malcolm Rifkind, who yesterday arrived in Azerbaijan, met and conducted negotiations with Azerbaijan's Foreign Minister, Gasan Gasanov.

"Great Britain attaches special attention to the fact of existence of independent Azerbaijan", Mr. Rifkind said during the press-conference which took place after the meeting.

He said London is satisfied with the fact British companies play special role in the oil resources development in this region and, in particular, in Azerbaijan.

Regarding to the Armenian-Azerbaijani conflict, Malcolm Rifkind said: "We understand the significance of settlement of the security problems in this region and, in particular, the Nagorno-Karabakh problem. I have already negotiated to this effect with Azeri Foreign Minister Gasan Gasanov and will negotiate with President Aliyev as well".

Mr. Rifkind said a day ago in Yerevan he met with Armenia's President. "I believe real chances for achievement of progress in settlement of the Armenian-Azerbaijani conflict can appear in 1996. Of course, real political will of both governments will be necessary for that. The conflict will be settled soon if the priority directions of its settlement will be common", Mr. Rifkind noted.

Gasan Gasanov said though Great Britain is not the member of the Minsk Group, it is able to influence on the process of the Armenian-Azerbaijani conflict settlement. He mentioned the major part of his negotiations with Mr. Rifkind was devoted to this problem.

"Our issues concerning the ways of settlement of the conflict coincide", Hasan Hasanov said. He also said two bilateral documents "On protection mutual investments" and "Joint statement of Ministers of Foreign Affairs" will be signed after the talks between Malcolm Rifkind and President Aliyev.

Asked how he assesses the level of democracy in Azerbaijan, Malcolm Rifkind said: "We know that the international monitors were concerned over lack of correspondence of the latest Parliamentary elections in Azerbaijan to the international standards. We hope the Azerbaijani Government will learn the lesson from the latest Parliamentary elections to be the equal member of the world community".

Meets With Gasanov

LD0401153496 Moscow ITAR-TASS in English 1420 GMT 4 Jan 96

[By Sevindzh Abdulayeva and Viktor Shulman]

[FBIS Transcribed Text] BAKU, January 4 (Itar-Tass) — The Armenian-Azerbaijani conflict may be settled

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already this year. There are concrete prerequisites for this, British Foreign Minister Malcolm Rifkind said here today. The British guest is currently paying a 2-day official visit here. He arrived in Baku from Yerevan late on Wednesday [3 January] evening. Rifkind said that he had meetings with several Armenian leaders, including President Levon Ter-Petrosyan, and held comprehensive talks on the solution of this difficult problem.

The British minister expressed the view during his meeting with Azerbaijani Foreign Minister Gasan Gasanov here today that everything was now up to the political leaders of those two Transcaucasian states. He said that Britain, for its part, was ready to render all-out assistance in order to accelerate the peace-making process within the frameworks of the United Nations and the OSCE, and to help liquidate the consequences of the conflict. The Azerbaijani foreign minister noted the similarity of the approaches of the two countries to many key problems. He said that Azerbaijan was not less interested in the development of bilateral relations than Great Britain. An inter-government agreement on the mutual protection of investments will be signed in Baku today, he stated.

Rifkind Meets With Opposition Leaders

NC0501115396 Baku TURAN in English 0044 GMT 5 Jan 96

[FBIS Transcribed Text] Baku/04.01.96/TURAN—Today Mr Malcolm Rifkind met with the leaders of Musavat party, PFA [Azerbaijani People's Front] and National Independence. The meeting was held in the British Embassy. According to press-centre of Musavat, Mr Rifkind was interested in the situation in the human rights, providing of democratic freedoms in Azerbaijan. He was interested also in the situation in which the elections to the Milli Mejlis were held.

According to press-centre of Musavat, Mr Rifkind said that Great Britain was interested in strengthening of democracy in Azerbaijan and the role of the opposition in this plan and stability in the country is very important. Leader of Musavat Isa Gambar said that "stability in Azerbaijan is relative. If the power uses this stability against national interest the opposition will use its methods to prevent that."

Mr Rifkind noted that he delivered to the leadership of Azerbaijan the necessity to follow the International legal norms.

Oil Delegation Leaves for Iran

LD0401203296 Moscow INTERFAX in English 1932 GMT 4 Jan 96

[FBIS Transcribed Text] BAKU, Dec 4 (Interfax) — A delegation of the State Oil Company of the Azerbaijani Republic (SOCAR) led by Vice President Khoshbakht Yusuf-Zade is leaving for Iran Thursday.

The delegation includes chief SOCAR experts who took part in drafting all major contracts with western companies on exploration of such oil sites as Azeri, Chirag, Gyuneshli, Karabakh and Shakh-Deniz, Interfax's Petroleum Information Agency learned from its sources.

Prior to this, Iran had been barred from the project worth $7.5 million due to U.S. pressure and has remained silent until now, in defiance of Azerbaijan's repeated proposals to join another consortium to explore Shakh-Deniz. Experts believe Azerbaijan is likely to try to involve Iran in the project for a fifth time before the contract is signed.

Shakh-Deniz is a gas condensate site with prospected stocks of 400 billion cubic meters of gas, 200 million tonnes of gas condensate and 100 million tonnes of oil.

The PIA sources said that the delegation will discuss creating a prospecting and drilling joint venture on the Caspian Sea. It was Iran who had put forward this proposal, hoping to prospect for mineral resources on its part of the Caspian shelf with the help of Azerbaijani experts, they added.

Georgia

Foreign Minister, OSCE Envoy Discuss Conflict Settlement

LD0401191596 Moscow INTERFAX in English 1625 GMT 4 Jan 96

[FBIS Transcribed Text] TBILISI, Jan 4 (Interfax) — Georgian Foreign Minister Irakly Menagarishvili and Dieter Boden, ambassador extraordinary of the OSCE [Organization for Security and Cooperation in Europe] permanent mission in Georgia, met in Tbilisi Thursday to discuss the settlement of conflicts in Georgia.

The Foreign Ministry press office told Interfax that Boden assured Menagarishvili that the OSCE is prepared to continue providing its services as a mediator in the settlement of the conflict between Georgia and South Ossetia.

Menagarishvili, for his part, told the envoy about Georgia's position on the settlement of conflicts on its territory, which Georgian President Eduard Shevardnadze will make public at the upcoming January CIS summit.

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He said that Shevardnadze will demand the implementation of the memorandum approved by CIS leaders at the Almaty summit, which envisages the isolation of any separatist regime on the CIS territory.

Foreign Minister Backs Kozyrev on Abkhazia Settlement

MK0401133796 Moscow NEZAVISIMAYA GAZETA in Russian 4 Jan 96 p 3

[Unattributed report: "Georgia-Abkhazia"]

[FBIS Translated Text] Abkhazian radio broadcast an appeal by Abkhazia's communists to CPRF [Communist Party of the Russian Federation] Chairman Gennadiy Zyuganov voicing dissatisfaction with a statement by Russian Federation Foreign Minister Andrey Kozyrev, who spoke of employing all economic, military, and political means to speed the process for a settlement of the Georgia-Abkhazia conflict. Abkhazia's communists regarded the statement as "actions by certain circles in Russia aimed at fanning a new conflict."

Georgian Foreign Minister Irakliy Menagarishvili supported Kozyrev's statement in talking with journalists. "Joint actions of CIS-member countries are necessary to curb aggressive separatism. The Georgian side has already drawn up a package of concrete proposals on a full-scale solution of this problem, which is to be discussed at a meeting of the heads of CIS-member states in Moscow on 19 January," Menagarishvili stated.

British Firm Says Oil Prospects 'Excellent'

AU0401135496 Tbilisi SVOBODNAYA GRUZIYA in Russian 28 Dec 95 p 2

[Report by GIA: "Excellent Prospects"]

[FBIS Translated Text] The British oil and gas extraction firm "JKX" and the state concern "Gruzneft" [Georgian Oil] will create a joint venture in Georgia to extract and refine oil and exploit wells. This was stated by David Robson, the president and general director of the firm. He also reviewed the progress of work on the extraction of oil in Supsa. It was pointed out that, in spite of the difficult mining and geological conditions and the cold winter, which have reduced the speed of the drilling, more than 2,000 meters have already been drilled. The most important thing is that there are inexhaustible reserves of fuel in this zone. All measures are now being taken to approach the reservoir carefully. He also mentioned that there is an agreement with the Georgian side to carry out joint work with the world-famous "Shell" company in the Ninotsminda oil fields. According to preliminary calculations, up to 15 metric tonnes of oil will be extracted here daily. David Robson maintains that the prospects here are excellent.

Shevardnadze Outlines Future Role of Security Service

AU0401161696 Tbilisi SVOBODNAYA GRUZIYA in Russian 28 Dec 95 p 1

[SAKINFORM report: "The Security Service Should Become the Guarantor of State Security"]

[FBIS Translated Text] On 25 December, Georgian President Eduard Shevardnadze met with the leadership of the Ministry of Security.

The situation that has taken shape in this system was analyzed at the meeting. As Security Minister Shota Kviraya stated, operational work has practically been halted recently in the service that has been morally paralyzed. As a result, the ministry's current leadership is faced with many serious problems, and the main nucleus of the ministry has been mobilized to resolve them with complete understanding. At the present stage, emphasis has been placed on strengthening the special-purpose detachments. The service has been brought up to strength with energetic professional cadres whose initiative and selfless work inspire hope that the security system will soon get back on its feet and successfully fulfill its duty — the protection of state security.

The security minister informed the president of the candidates who had been recommended to fill the top positions in the ministry.

Eduard Shevardnadze shared his views on measures aimed at ensuring the future improvement of the service with the ministry's leaders. According to the president, the main thing with which the collective should concern itself is the erasure of that shameful stain that will remain an unprecedented example of the treason of one's country in the history of not only the Security Service but also Georgia.

Eduard Shevardnadze charged the ministry's leaders with strengthening the struggle against organized crime, terrorism, and the narcotics mafia and to cooperate actively with other power structures in this struggle. At the same time, unless international ties are strengthened, stated the president, it will be impossible to combat organized crime as an international phenomenon.

The president pointed to the role of the Ministry of Security in shaping the country's internal and foreign policies and also public opinion. He categorically demanded that the ministry's leadership prevent people from entering the system who have no moral right to be in this important service.

In accordance with a presidential decree, Avtandil Ioseliani has been appointed first deputy minister of security and, by an order of Shota Kviraya, Temur

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Grdzvelidze has been appointed deputy minister and head of the Counterintelligence Department; Arvelodi Zhvaniya — deputy minister responsible for cadres; Georgiy Gogolashvili — head of the Bureau To Combat Terrorism, Organized Crime, Corruption, and the International Narcotics Business; Guram Rekhviashvili — head of the Intelligence Department; and Teymuraz Ebitashvili — head of the Cadres Department. Eduard Shevardnadze also supported the candidatures of Zaza Kazalikashvili for the post of head of the special-purpose "Omega" detachment, Gocha Danielashvili for the post of head of the Special Department, and Koba Otanadze for the post of head of the Assault Brigade.

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Estonia

Foreign Minister Claims Innocence in 1992 Ruble Deal

LD0401111596 Tallinn Radio Tallinn Network in Estonian 0700 GMT 4 Jan 96

[FBIS Translated Excerpt] The SONUMILEHT newspaper today published a lengthy interview with Foreign Minister Siim Kallas. The minister thinks that a political pressure can be felt in the investigation of the ruble deal. Malle Jurves sums up the interview.

[Jurves] In the interview for SONUMILEHT, Foreign Minister Siim Kallas notes that every revolution eats its children. Answering questions on the ruble deal, Kallas thought that political pressure had been constantly put on the investigating bodies so that they did not close the matter. He said that many lawyers had expressed the opinion that there was no case, but someone needed badly that the matter was on the agenda because it implicates Mart Laar [former prime minister], Kallas himself, Tiit Pruuli [former aide to prime minister], and also Laar's government and the Bank of Estonia.

Kallas said that one could also find article [of criminal code] to fit. We do have article on professional negligence, which could be interpreted very widely. Kallas recalled that at Soviet times this article was always used when someone had to be shown their place. Kallas was deeply convinced that there was nothing criminal in the sale of rubles and that the deal was right and proper at the time and in its context. [passage omitted]

Official on Russian 'Change of Attitude'

LD0401131896 Tallinn Radio Tallinn Network in Estonian 1000 GMT 4 Jan 96

[FBIS Translated Text] The positive statement by Russian General Semenov on NATO expansion can be regarded as the beginning of change in Russia's attitude, said Peeter Lorents, chairman of the state defense commission, to BNS [Baltic News Service].

Lieutenant General Vladimir Semenov, commander in chief of the Russian ground troops, predicted on 2 January that the Eastern European and Baltic states would become NATO members in a few years time despite Russia's opposition. Russia should be prepared for the expansion of NATO military structures, Semenov said.

Lorents said that Semenov's statement was not malicious and was very welcome as such. It is good for Estonia if Russia stops being stubborn about NATO expansion, Lorents noted.

Latvia

Appointment of Privatization Agency Chief

LD0301184796 Riga Radio Riga Network in Latvian 1800 GMT 3 Jan 96

[FBIS Translated Text] The Cabinet of Ministers has appointed Eriks Kaza as chairman of the board of the Privatization Agency. He is minister of state for industry, property, and privatization. It is also possible that a new chairman of the board of Latvian Shipping will be appointed this week, Janis Naglis, director-general of the Latvian Privatization Agency, said today. Andris Skele, the previous chairman of the board of the shipping company, left this post when he became prime minister. At present there are several candidates for the post of chairman of the shipping company board, but according to Naglis it is proving quite a difficult task to find someone who matches the post. The new chairman of the board of Latvian Shipping will have to have charge of one of the biggest planned investment projects for this year, namely the acquisition of two gas tankers.

Privatization in '95 Detailed

WS0401083696 Tallinn BNS in English 1900 GMT 3 Jan 96

[FBIS Transcribed Text] Riga, Jan 3, BNS — Latvia completed privatization of 230 state-run enterprises in 1995, Janis Naglis, the director general of the country's Privatization Agency told reporters Wednesday.

The agency concluded sales agreements for 230 enterprises and seven immovable property units for a total of 37.310 million lats.

The sum was covered by 15.5 million lats and 21.8 million privatization vouchers.

The privatization of these enterprises provides for the attraction of 18.3 million lats in investments, said agency senior official Raitis Kitners.

As many as 13,547 jobs will be retained in the privatized enterprises.

As reported, the largest privatization deal of the past year was the sale of the controlling stake in the Riga Shipyard to the Remars-Riga company.

The Remars-Riga acquired the company Dec. 6 for 4.372 million lats, said Kitners.

The second largest deal was the sale of the Kalija Parks potassium company to its private shareholders for 4.357 million lats on Dec. 29.

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The sale of the state-owned stake of the largest Latvian Aldaris brewery to the Baltic Beverage Holding consortium and 241 employees ranks the third largest deal, Kitners said.

The state shares of the Aldaris brewery were sold for 2.374 million lats on Nov. 30.

Lithuania

Joint World Bank-IMF Team To Help in Banking Crisis

WS0501111296 Vilnius ELTA in English 2033 GMT 4 Jan 96

[From "News Bulletin" No. 919]

[FBIS Transcribed Text] Vilnius, January 4 — The joint working group of the World Bank and the International Monetary Fund (IMF) is coming to Lithuania for two weeks on January 11 in order to help Lithuanian leaders to find ways in ending the banking crisis.

While commenting the coming visit IMF's representative in Lithuania Domenico Fanizza said that both the World Bank and the IMF had already begun work closely co-operating with the Bank of Lithuania and the Government.

IMF supports the Government's intention to freeze assets of certain insolvent banks, which could complicate the entire banking system.

According to Fanizza, the World Bank and the IMF's mission will analyse all possible ways to help the financial sector.

IMF expects that the joint work will bring considerable advantage.

Fanizza gave positive evaluation to the decision of Lithuanian leaders to wait for mission's conclussions before taking certain measures.

Two Largest Commercial Banks To Reopen After Suspension

LD0501123696 Moscow INTERFAX in English 1014 GMT 5 Jan 96

[FBIS Transcribed Text] VILNIUS, Jan 5 (Interfax) — After two weeks of suspension, Lithuania's two biggest commercial banks are about to come back to life and thus put an end to a crisis in the national banking system, the Bank of Lithuania press service told Interfax Friday [5 January].

The Bank of Lithuania allowed the Lithuanian Innovation Bank (LAIB) and the Litimpeks Bank to reopen currency exchange offices and resume operations with government bonds as of Thursday, January 4.

The Bank of Lithuania board of directors declared Innovation Bank insolvent and suspended all operations carried out by Innovation Bank on December 20. Two days later it made the same move against Litimpeks. Law enforcement bodies detained both Innovation Bank and Litimpeks top executives and charged them with large-scale embezzlement and the presentation of false reports on their business activities. Litimpeks' board chairman Gintautas Preidys pledged to make no move to leave Vilnius and was released from custody Thursday. Innovation Bank president Arturas Balkevicius is still held under arrest.

In the meantime, the name of a Cabinet Minister surfaced in the Innovation Bank and Litimpeks affair as Lithuania's leading dailies declared Friday that some ten days before the suspension of Innovation Bank the Minister of Internal Affairs Romasis Vaitekunas withdrew a $2,200 fixed deposit from an account at Innovation Bank. Vaitekunas had been getting a 32 percent annual interest rate, or twice as much as other customers do, on the deposit that was to come due on April 12.

Vaitekunas is the second member of the Lithuanian government to have been exposed in the bank crisis. Prime Minister Adolfas Slezevicius withdrew a 135,000 litas ($34,000) deposit from his account at the Innovation Bank on the very eve of the suspension only to face demands for his immediate resignation. Slezevicius has since admitted that he made "a moral and political blunder" but refuses to resign.

The Lithuanian legislature, Sejm, is planning to hold an emergency session for the discussion of the bank crisis on January 9. It may decide to sack Bank of Lithuania board chairman Kazys Ratkevicius who, in both lawmakers' and Slezevicius' view, failed to sufficiently monitor the activities of commercial banks.

Brazauskas Critical of Slezevicius' Personal Banking Acts

LD0401203196 Moscow INTERFAX in English 1932 GMT 4 Jan 96

[FBIS Transcribed Text] VILNIUS, Jan 4 (Interfax) - Lithuanian President Algirdas Brazauskas said that the government should resign if its prime minister looks after his personal interests while the man on the street cannot do so.

On the other hand, Brazauskas said, this step should not be taken because it is more important to protect the depositors who have lost money in the banking crisis.

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"The government should resign for civilian and moral reasons but who would attend to all this?" Brazauskas asked journalists Thursday.

On December 18 Prime Minister Adolfas Slezevicius withdrew 135,000 litai from the Joint Stock Innovation Bank of Lithuania which faced a crisis. Two days later the bank's activities were stopped and tens of thousands of deposits made by individuals and organizations frozen.

Brazauskas said that as a human being, a citizen and a president he deplores Slezevicius's action. But, he added, a prime minister is human and humans make errors.

In response to calls to remove the prime minister, Brazauskas said he does not wield such powers.

The president can constitutionally only accept the resignation of the government following a no confidence vote in the Sejmas.

Furthermore, he said, the government will be replaced anyway following the elections next fall.

Observers say, however, that under Article 84 of the constitution the president can suggest that the Sejmas approve the removal of the prime minister and, once approval is given, go ahead and sack the prime minister.

Foreign, Defense Ministers Submit Resignations

LD0501122596 Moscow ITAR-TASS in English 1208 GMT 5 Jan 95

[By Vladas Burbulis]

[FBIS Transcribed Text] VILNIUS January 5 (Itar-Tass) — A government crisis hit Lithuania on Friday [5 January] after Foreign Minister Povilas Gylys and Defence Minister Linas Linkevicius offered to reign because of contradictions with the prime minister.

Linkevicius explained his decision by discontent with the policy of Premier Adolfas Slezevicius.

"I do not want to work in the existing situation in the government headed by Adolfas Slezevicius", he told Tass and qualified the situation as "a political and moral crisis".

Gylys said he was resigning because he "always stood for a democratic development of the state in which laws are dominating for everybody". There is nothing of the kind in Lithuania so far, he added.

The resignation is yet to be approved by President Algirdas Brazauskas.

Both ministers are members of the ruling Lithuanian Democratic Labour Party.

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